

Alternatives to Gentrification In the East of the Riverway



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Executive Summary

The East of the Riverway is a series of neighborhoods including Hillcrest, WECAN, River Arts District, South French Broad, Southside, Erskine-Walton, Livingston and Lee Walker Heights, and part of downtown's South Slope. These neighborhoods are critical pieces of Asheville's urban fabric, both historically, and physically connecting Downtown to the River and the location of major community institutions and employers, including Asheville –Buncombe Technical College, Asheville Middle and High Schools and part of the Mission Health campus. Additionally, these neighborhoods historically have been home to some of the most affordable housing in the city, as well as affordable spaces for artists to work, live and sell their art.



These neighborhoods already face a number of challenges, including:

- There is significantly more rental housing (62%) than owner-owner-occupied homes (45%) in these neighborhoods.
- Median household income in the neighborhoods, as of 2010, was 132% below the City of Asheville and 143% below Buncombe County.
- Of the 13,647 persons employed in these neighborhoods (2011), only 257 lived in these neighborhoods.
- Nearly 50% of the homes in these neighborhoods were built before 1969 and 27% of all homes were built in 1939 or earlier.

As dramatic changes are already underway, an analysis of demographics and market trends demonstrate that these neighborhoods are already experiencing gentrification, as wealthier people and businesses that cater to them are moving in, drawn by the location, the diversity and “feel” of these neighborhoods. Some of this change is driven by public sector infrastructure investment, while some is fueled by “urban pioneers” and entrepreneurs acquiring “fixer-upper” buildings and major redevelopment projects like the New Belgium Brewery. The impacts on the neighborhoods already are both notable and severe, including:

- Values for owner-occupied homes in the neighborhood are up 74% since 2000 – and the median value of a home (in 2010) is \$178,500, an amount that closely mirrors median home values in the city and the county.
- Nearly half (46%) of all homeowners in the neighborhoods are “cost burdened” – i.e., paying more than 35% of their income for housing.
- The number – and value – of residential and commercial building permits is up dramatically in these neighborhoods in recent years.

- There is a substantial shift in neighborhood demographics underway. Between 1990-2010, the number of African American households declined from 79% to 56% of total households, while the number of white households increased from 21% to 39% of total households in these neighborhoods.
- Artists report increasing challenges in locating affordable work and gallery space in these neighborhoods and expressing growing concern about the prospects for affordable space in the future.

Displacement, particularly of lower-income individuals and families and households of color has already begun. The East of the Riverway area is slated for more outside investment than has been seen in the last ten years, and the results of redevelopment will undoubtedly lead to further displacement and homogenization of these once diverse neighborhoods.



It is our opinion that the East of the Riverway neighborhoods have transitioned into the “middle” stage of gentrification, as housing prices and property values are trending upward in these neighborhoods. At the same time, fortunately, both rental and owner-occupied housing and some commercial spaces are less expensive than elsewhere in the city and the county and a significant amount of vacant land (both publicly and privately owned) remains available for future, affordable commercial and residential development. While the impacts of what is already happening in these neighborhoods – and the people of



limited means that wish to remain or move into (or return to) these neighborhoods – are considerable, it may not be too late to fashion and implement strategies to combat gentrification and blunt at least some of the displacement that would otherwise continue.

What is required to keep these neighborhoods from becoming more homogenous and exclusive is a swift intervention of targeted, long-term public sector/private sector partnerships and collaborations.

It is our recommendation that a comprehensive, successful strategy to ensure that these neighborhoods remain inclusive and heterogeneous, with the kind of diversity of incomes, race, and culture that is the hallmark of healthy, vibrant communities, should include four primary focuses:

1. ***Affordable Housing*** – Stabilize and preserve existing housing in the neighborhoods and develop additional, affordably priced housing to replace what has been (and will be) lost and to create opportunities for limited-income households to move into – and return to – these neighborhoods. Ensure this affordable housing remains affordable over time.
2. ***Artist Space*** – Conduct an exhaustive study of artists needs and demands and create additional, affordable workspace, gallery space, and housing targeted to limited-income artists, starting with the design and development of a model live-work cooperative. Ensure this affordable artist workspace remains affordable over time.
3. ***Resource Development*** – The City, along with the County, actively explores implementing public sector initiatives to create and preserve affordable housing and artist space in these neighborhoods, including mandatory or voluntary inclusionary zoning and tax increment financing (“project development financing”). Restrict affordable homes and spaces created, as well as any funding streams created for these neighborhoods through the City’s Housing Trust Fund exclusively for long-term affordability.
4. ***Permanent Affordability and Stewardship of Community Wealth*** – Foster and support the operation of a community organization, representative of and controlled by the neighborhoods it serves to honor the history of this multi-neighborhood area, preserve and promote its character, and plan for its future. Chief among its priorities should be:
 - a. Preserving the affordability, condition, and desirability of homes and artist spaces and commercial spaces *forever*.
 - b. Providing ongoing stewardship support and assistance, as needed, to those who own and rent homes and buildings, help ensure the prospects for their success and assist their transitions into the marketplace, whenever they are ready.
 - c. Preserving the historical and cultural integrity of the neighborhoods they serve.

Introduction

Context of the East of the Riverway

The East of the Riverway is a series of neighborhoods including Hillcrest, WECAN, River Arts District, South French Broad, Southside, Erskine-Walton, Livingston and Lee Walker Heights. The area also includes a part of downtown's South Slope as the boundary runs east along Hilliard Avenue and south along Biltmore until Meadow Rd.



The neighborhoods that make up East of the Riverway area are critical pieces of Asheville's urban fabric, both historically, and physically connecting Downtown to the River. This area also plays an important role in the city and greater region as the home of many artists, Asheville –Buncombe Technical College, Asheville High School and part of the Mission Health campus, a regional health hub.

This area has a rich history, some marked with pain. Over the past six years, there has been increased awareness that Urban Renewal in Asheville was devastating to parts of the community, including the Southside and South French Broad neighborhoods. The loss of many residential and commercial buildings is still felt by many members of the African-American community in Asheville, and there is concern that

another wave of displacement is coming. At a recent community presentation about the history of Southside, one audience member asked, "How can we, as a community, make sure that this does not happen again?"

Asheville is a place of creative people, where entrepreneurs, artists and grass roots groups are interested in new models of equitable and sustainable development, and new ways of doing things. This study comes at an opportune time, when the real estate market is re-bounding and when community interest in both the residential and commercial areas is high.

The East of the Riverway area is ripe for even more outside investment than has been seen in the last ten years, and the results of potential development – and ever-increasing housing and space costs – could have drastic consequences for current residents, artists and business owners. Already local artists are voicing concerns about rising rents in the area.

East of the Riverway – TIGER II area

The City of Asheville received a Sustainable Communities Initiative Grant in 2011, and over the last three years, a series of planning initiatives have taken place. These have resulted in a number of documents that will lay the foundation for future public and private investment. Included in the completed work :

- Riverside Redevelopment Plan
- Town Branch and Clingman Forest Greenway Plans
- RADTIP
- Five Points Roundabout at Depot and Clingman
- East of the Riverway Connections: Transportation Plan
- Scenario Planning



What is Gentrification?

Gentrification is a term used to describe the phenomenon of wealthier people moving into a specific urban neighborhood or area, drawn by the location, the diversity and “feel” of these neighborhoods and/or by the cost, availability, and desirability and appeal of houses or industrial buildings found in the neighborhoods. Gentrification generally snowballs, gathering momentum over time. Investors looking for “fixer-upper” properties, artists, and other “urban pioneers” move in. Word gradually travels that an attractive neighborhood has been “discovered” and the pace of change tends to accelerate rapidly.

There can be beneficial outcomes from gentrification, including new investment in buildings and infrastructure, increased property tax revenue for municipal government, and increased economic activities in these neighborhoods. Unfortunately, the benefits of these changes are often enjoyed disproportionately by those who are moving in, while those who have been living in these neighborhoods find themselves economically and socially marginalized.

As Benjamin Grant, an urban planner in the San Francisco area explains, there is no clear-cut technical definition of gentrification but it can be characterized by several changes:

- **Demographics:** An increase in median income; a decline in the proportion of racial minorities; and often a reduction in household size, as low-income families are replaced by young singles and couples.
- **Real Estate Markets:** Large increases in rents and home prices; increases in the number of evictions; conversion of rental units to ownership (condos); and new development of higher-end, more expensive housing.
- **Land Use:** A decline in industrial uses; an increase in office or multimedia uses; more expensive housing, retail, and boutique restaurants and brewpubs.
- **Culture and Character:** New ideas about what is desirable and attractive, including standards (either informal or legal) for architecture, landscaping, public behavior, noise, and nuisance.

Tragically, a common outcome of gentrification is the eventual (or rapid) displacement of lower-income households who have long been living in the neighborhoods. When prices go up, rental tenants are often pushed out, whether through natural turnover, rent hikes, or evictions. Homeowners often find themselves struggling to remain in their homes due to spiraling property taxes and opt to “cash in” and move elsewhere. And, ironically, the desirability of gentrifying neighborhoods and the spiraling of property values and rents that results often erodes the very qualities that attracted artists and other people to these neighborhoods in the first place.

Industry experts generally agree that there are three definable stages of gentrification:

1. Early Stage: Neighborhood is showing signs of possible future gentrification and displacement: evidence of housing improvements and increased housing prices in neighborhood and/or area proximate to neighborhood.
2. Middle Stage: Neighborhood housing prices and values have already risen sharply, yet affordable housing remains available along with some developable land parcels.
3. Late Stage: Neighborhood housing prices have skyrocketed; there is little affordable housing or developable parcels, and the demand for profitable market rate housing overshadows the needs of lower-income households.

Through data collection and analysis, the study will attempt to show where East of the Riverway is on this continuum of gentrification.

Research Data and Findings

Data Analysis of East of the Riverway

This analysis examines the East of the Riverway (EOTR) area in Buncombe County, North Carolina. The variables assessed relate primarily to housing, demographics and employment information. For context, comparisons are made to Buncombe County and the City of Asheville. When available, comparisons are also made over time. At all times the most current and reliable data is used.

Readers should understand the use of the most current data from the U.S. Census Bureau. Since 2005 the Bureau has been conducting an ongoing survey (American Community Survey) which replaces the Long Form used in previous decennial censuses. To reach a statistically valid sample for smaller geographies, the Census Bureau publishes a 5-year moving weighted estimate. In this analysis the most current data for EOTR is from the 2008-2012 5-year estimate. It is referenced as year 2010 in the report, which is the mid-point for the data and coincides with the periods of the previous decennial censuses. Also the Census data is reported for a tract-level geography that does not strictly match the EOTR boundaries. See Appendix for details. The differences in geographies are not enough to significantly impact the analysis or findings.

For other data, point or parcel data is used, which does match the specific EOTR boundaries.

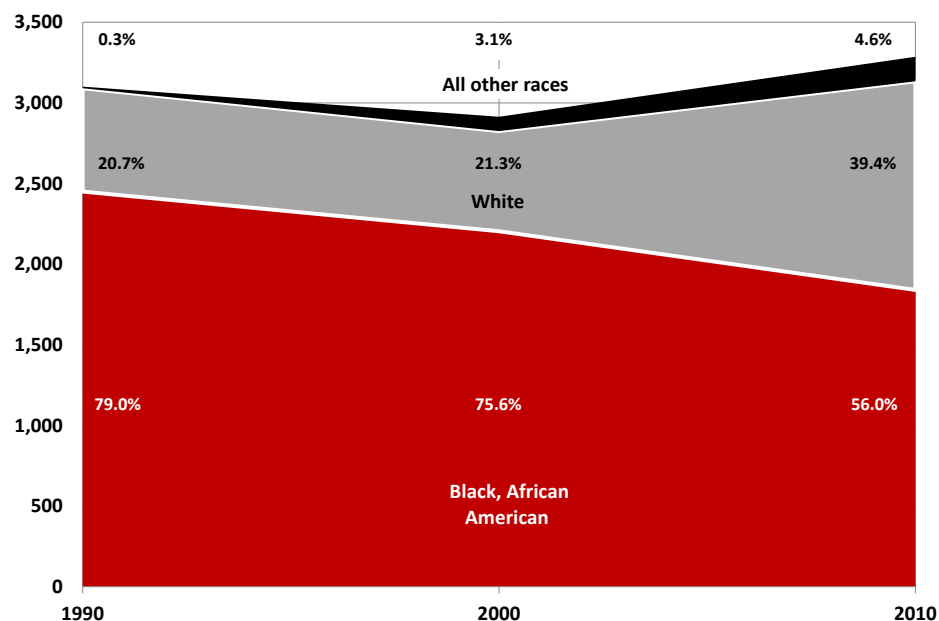
Summary Overview Table

	East of the Riverway (EOTR)	Buncombe County	Asheville City
Population	3,271	239,000	83,796
Median Age	40.0	40.7	37.9
Total Housing Units	1,614	113,409	41,691
Median Number of Rooms	3.9	5.3	5.1
Average Household Size	1.9	2.3	2.1
Units in Housing Structures (percent of total)			
Single	38.1%	65.7%	61.0%
10+	23.7%	7.3%	15.1%

Source: U.S. Census Bureau, 2010

Demographics

East of the Riverway Historic Racial Composition

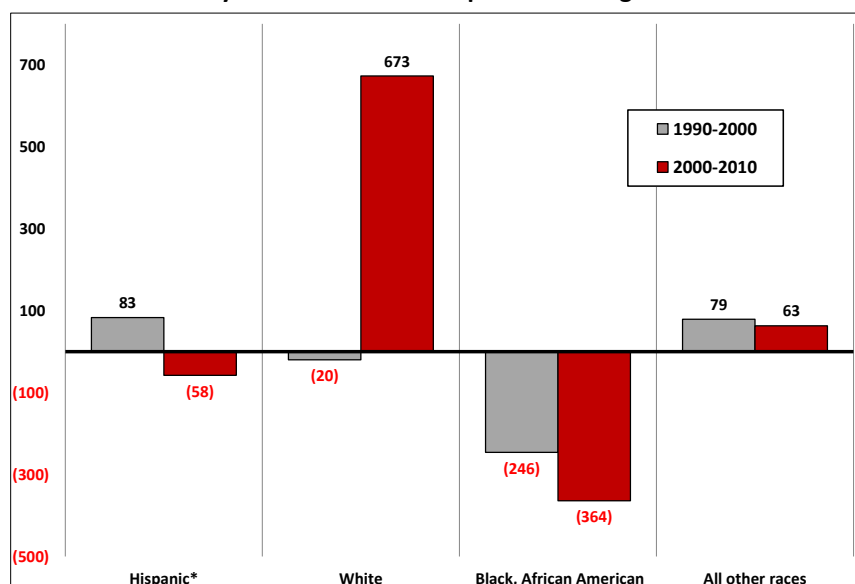


Source: U.S. Census Bureau

Over the last 20 years the number and proportion of EOTR residents identifying themselves as *Black or African American* has declined from 2,450 (79.0%) in 1990 to 1,840 (56.0%) in 2010.

Similarly, the number and proportion of EOTR residents identifying themselves as *White* has increased, although the rise only occurred in the most recent decade (2000-2010), from 621 (21.3%) to 1,294 (39.4%). Between 1990 and 2000 the number of *White* residents declined slightly, from 641 to 621.

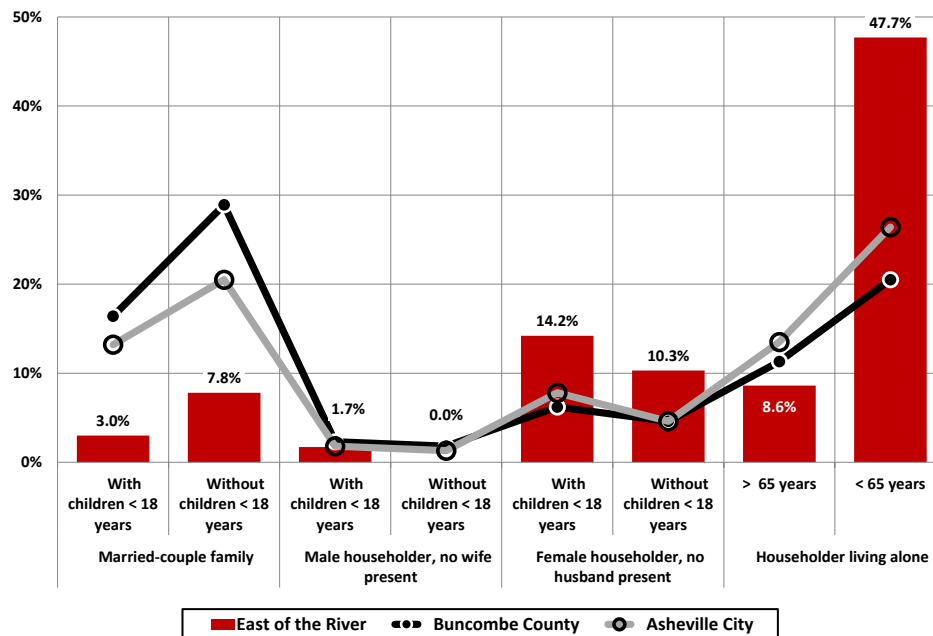
East of the Riverway Racial & Ethnic Composition Change



Source: U.S. Census Bureau, * Hispanic is a ethnicity and may be of any race.

The EOTR *Hispanic* ethnic population remains small, totaling 25 in 2010 after dropping from 83 in 2000. In 1990 no residents identified themselves as having *Hispanic* ethnicity.

Households by Family Type (2008-2012 5-year estimate)



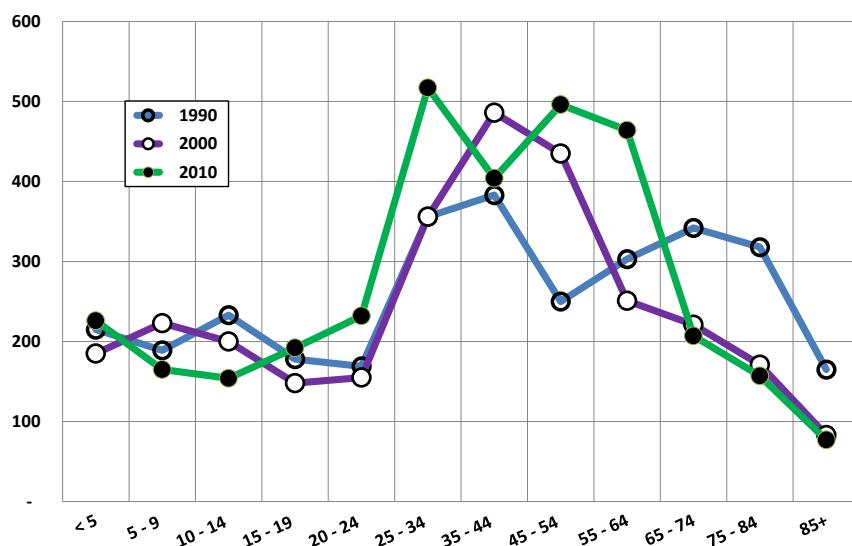
Persons living alone, under age the age of 65 comprise the single largest proportion of EOTR households; nearly one-half at 47.7 percent. In Buncombe County this group accounts for 20.5 percent of households, and in the City of Asheville 26.4 percent.

Married-couple families with and

without children under 18 years old comprise 10.8 percent of EOTR households; while in the County this groups accounts for 45.3 percent of households, and in the City 33.7 percent.

Source: U.S. Census Bureau

EOTR Age Group Change



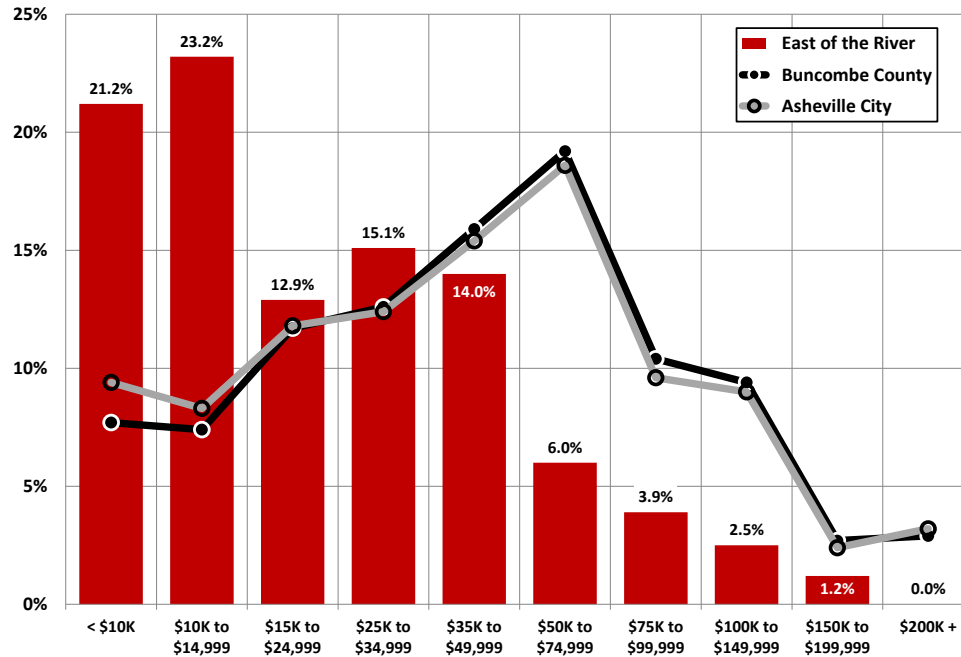
Over the last 20 years the number of EOTR residents in age groups 25 and older has shifted significantly between decades.

In 1990, residents age 65 and over totaled 825, by year 2000 the number dropped to 475, and to 441 by year 2010.

The number of EOTR residents in ages 25-34 (517) and 45-64 (960) are at their highest number in the last 20 years.

Source: U.S. Census Bureau

Household Income – Percent of Households (2012 dollars)



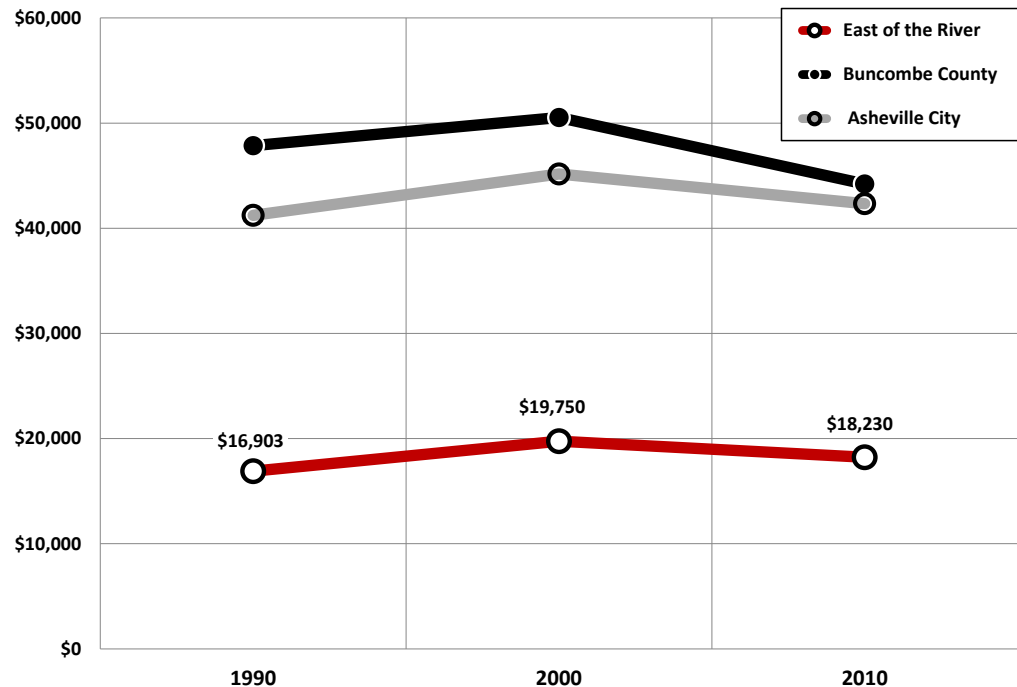
More than one-half (57.3%) of EOTR households have incomes below \$25,000. This compares to 26.8 percent in Buncombe County and 29.5 percent in the City of Asheville.

Median Household Income (inflation adjusted to 2012 dollars)

The median EOTR household income is significantly below those in Buncombe County and the City of Asheville. In 2010, median incomes were 142.5 percent below the County and 132.2 percent the City.

Over the last 20 years the income gap has narrowed significantly

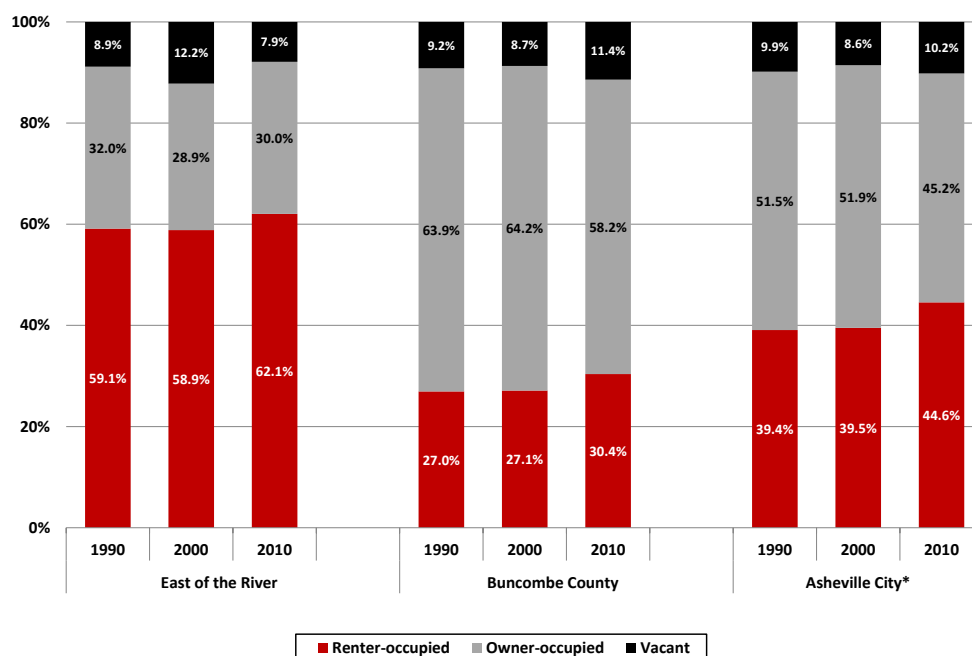
between EOTR and the County; in 1990 incomes were 183.1 percent lower, meaning a 40.6 percentage point gain by 2010. Differences with the City of Asheville over time have not been as substantial; with incomes 142.9 percent lower in 1990 or an 11.7 percentage point gain by 2010.



Housing

Household Occupancy (% housing units)

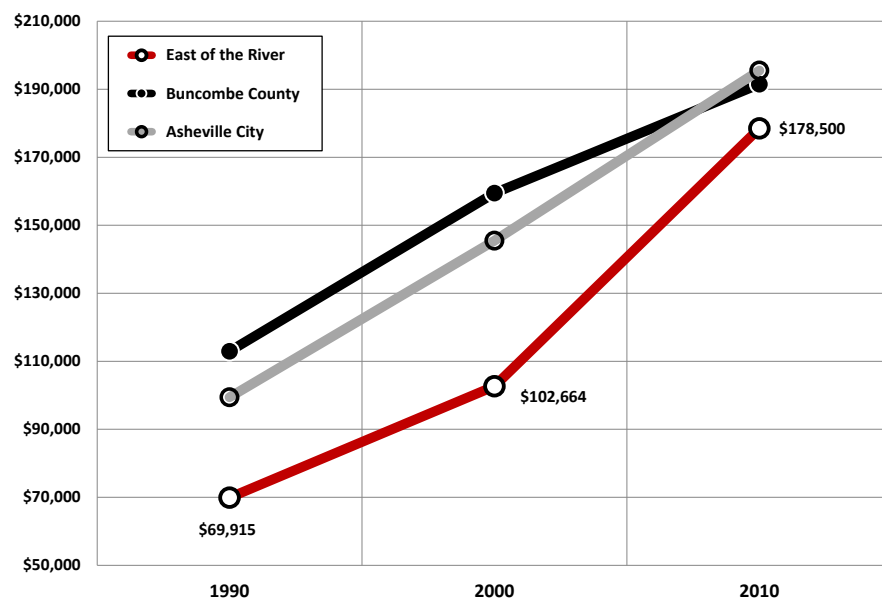
Renter-occupied housing comprises a significantly greater proportion of housing units in EOTR than in the City of Asheville and Buncombe County. In 2010, 62.1 percent of households were renter-occupied versus 44.6 percent in the City and 30.4 percent in the County.



Over the last 20 years the proportion of renter-occupied housing has edged up only slightly, 3 percentage points more than in 1990.

Source: U.S. Census, *annexations may impact year-year comparisons

Median Home Value-Owner Occupied (inflation adjusted to 2012 dollars)

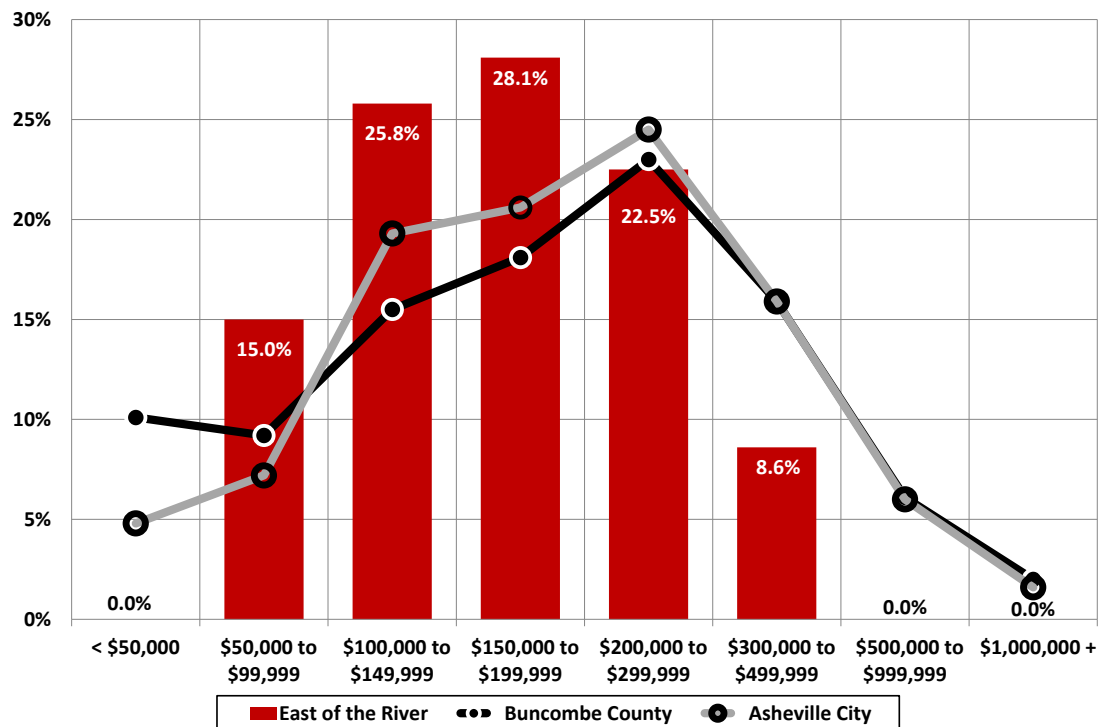


Source: U.S. Census Bureau

As of 2010 the median value for owner-occupied homes in EOTR equaled \$178,500. The value is up 73.9 percent from 2000, while over the same period values increased by 20.1 percent in Buncombe County and 34.4 percent in the City of Asheville.

The rapid EOTR appreciation has led to a narrowing of values among geographies. In 2000 EOTR values were 55.3 percent below Buncombe County and 41.7 percent below the City of Asheville; while by 2010 the gaps narrowed to 7.3 percent and 9.5 percent lower respectively.

Home Value- Owner-Occupied Units-2010



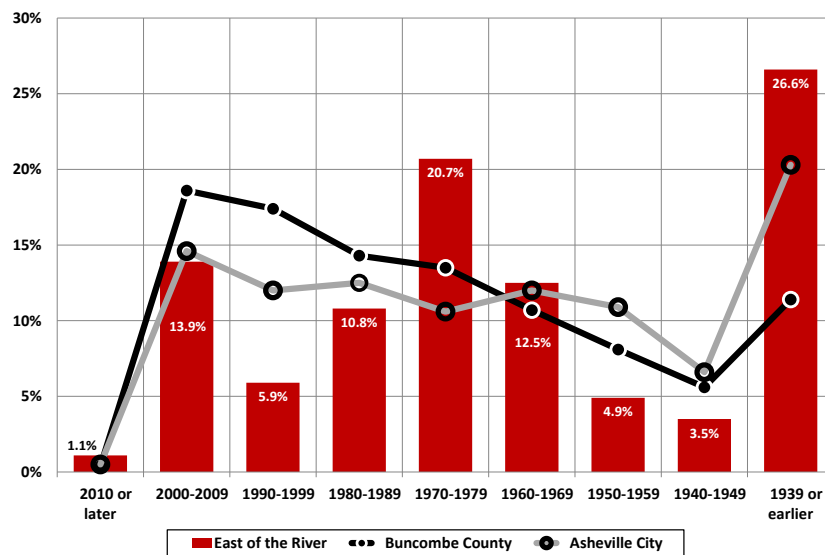
Source: U.S. Census Bureau

In 2010, 68.9 percent of EOTR owner-occupied homes were valued below \$200,000. In Buncombe County 52.9 percent were below \$200,000 and in the City of Asheville 51.9 percent.

No EOTR owner-occupied homes were valued above \$500,000; although in the County these values accounted for 8.1 percent of all homes and in the City 7.6 percent.

Similarly, no EOTR owner-occupied homes were valued at less than \$50,000; although in the County these values accounted for 10.1 percent of all homes and in the City 4.8 percent.

Year Home Built



Nearly one-half of EOTR homes were built in the periods of 1970-1979 or 1939 and earlier.

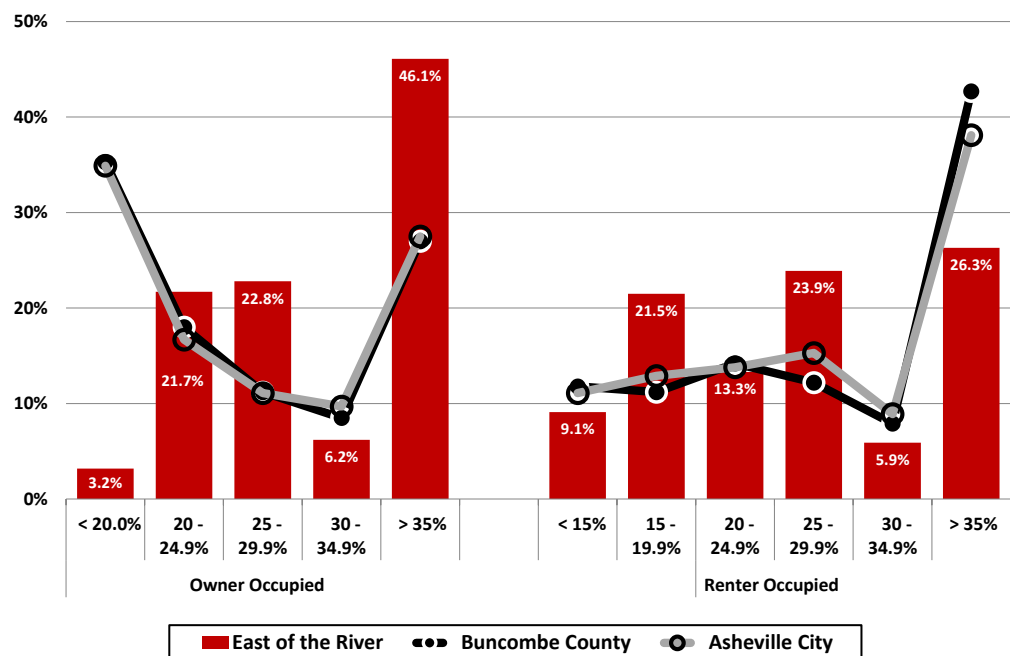
Homes built since 1980 account for 31.7 percent of EOTR homes; while in Buncombe County this accounts for 50.7 percent of all homes and 39.6 percent in the City of Asheville.

Source: U.S. Census Bureau

Housing Costs-Percent of Household Income (mortgage or rent) 2010

In 2010, 46.1 percent of EOTR owner-occupied households devoted more than 35 percent of their income to housing costs.

The proportion is significantly above both Buncombe County and the City of Asheville; each with about 27 percent of owner-occupied households having costs greater than 35 percent.

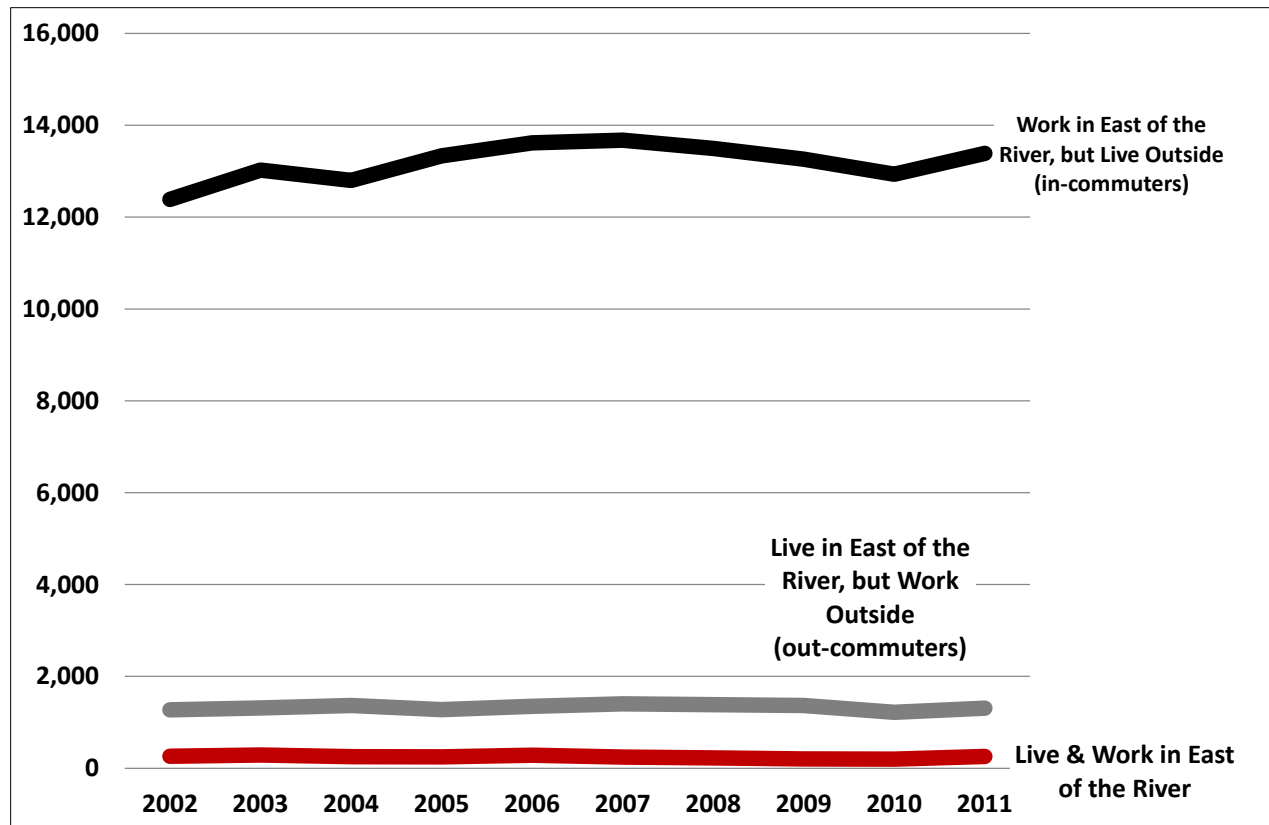


Only 3.2 percent of EOTR owner-occupied households spend less than 20 percent on housing; while in the County the percent is 35.3 and 34.9 in the City.

Overall, EOTR renter-occupied households appear to devote lesser proportions of their incomes to housing costs; 67.8 percent spend less than 30 percent, while in the County the percent is 49.7 and 53.1 in the City.

Employment

Worker Commuting



Source: U.S. Census Bureau

Of the 13,647 persons employed in EOTR in 2011, 13,390, or 98.1 percent, do not live in EOTR but in-commute from outside.

Residents who both work and live in EOTR total 257. Most EOTR resident workers out-commute for employment; totaling 1,307 in 2011.

The number and proportion of EOTR resident workers and their commuting patterns have been largely unchanged over the 2002 to 2011 period.

East of the Riverway Industry Employment

Industry	2011 Employment	2002-2011 Change	
		#	%
Health Care & Social Assistance	7,260	644	8.9%
Educational Services	1,510	266	17.6%
Administrative Services	565	-27	-4.8%
Accommodation & Food Services	306	226	73.9%
Manufacturing	455	75	16.5%
Professional, Scientific & Technical Services	341	47	13.8%
Wholesale Trade	139	153	110.1%
Management Services	226	64	28.3%
Construction	454	-190	-41.9%
Retail Trade	474	-272	-57.4%
Finance & Insurance	158	9	5.7%
Arts, Entertainment & Recreation	17	71	417.6%
Transportation & Warehousing	72	-4	-5.6%
Information	12	53	441.7%
Real Estate	42	-10	-23.8%
Public Administration	239	-207	-86.6%
Total	13,647	1,001	7.9%

Source: U.S. Census Bureau

East of the Riverway – Business Listings (Top 15)

	2003	2008	2014	2003-2014 Change	
				#	%
Health Services	359	439	651	292	81.3%
Engineering & Management Services	32	47	73	41	128.1%
Social Services	19	31	71	52	273.7%
Real Estate	8	20	48	40	500.0%
Business Services	24	26	46	22	91.7%
Membership Organizations	19	21	41	22	115.8%
Personal Services	11	17	30	19	172.7%
Miscellaneous Retail	24	22	28	4	16.7%
Wholesale Trade - Durable Goods	23	21	26	3	13.0%
Eating & Drinking Places	11	16	26	15	136.4%
Legal Services	5	16	26	21	420.0%
Special Trade Contractors	12	17	25	13	108.3%
Auto Repair, Services, & Parking	24	21	18	-6	-25.0%
General Building Contractors	7	9	16	9	128.6%
Educational Services	5	12	15	10	200.0%
Grand Total	679	845	1,404	727	107.1%

Source: Infogroup

Total EOTR employment, equaling 13,647 in 2011, has increased by 1,001 jobs, or 7.9 percent since 2002.

The *Health Care & Social Assistance* industry comprises 53.2 percent of total EOTR employment, and was the largest contributor of net new jobs since 2002, adding 644 new positions.

The second largest EOTR industry sector is *Educational Services*, totaling 1,510 and adding 266 net new jobs since 2002.

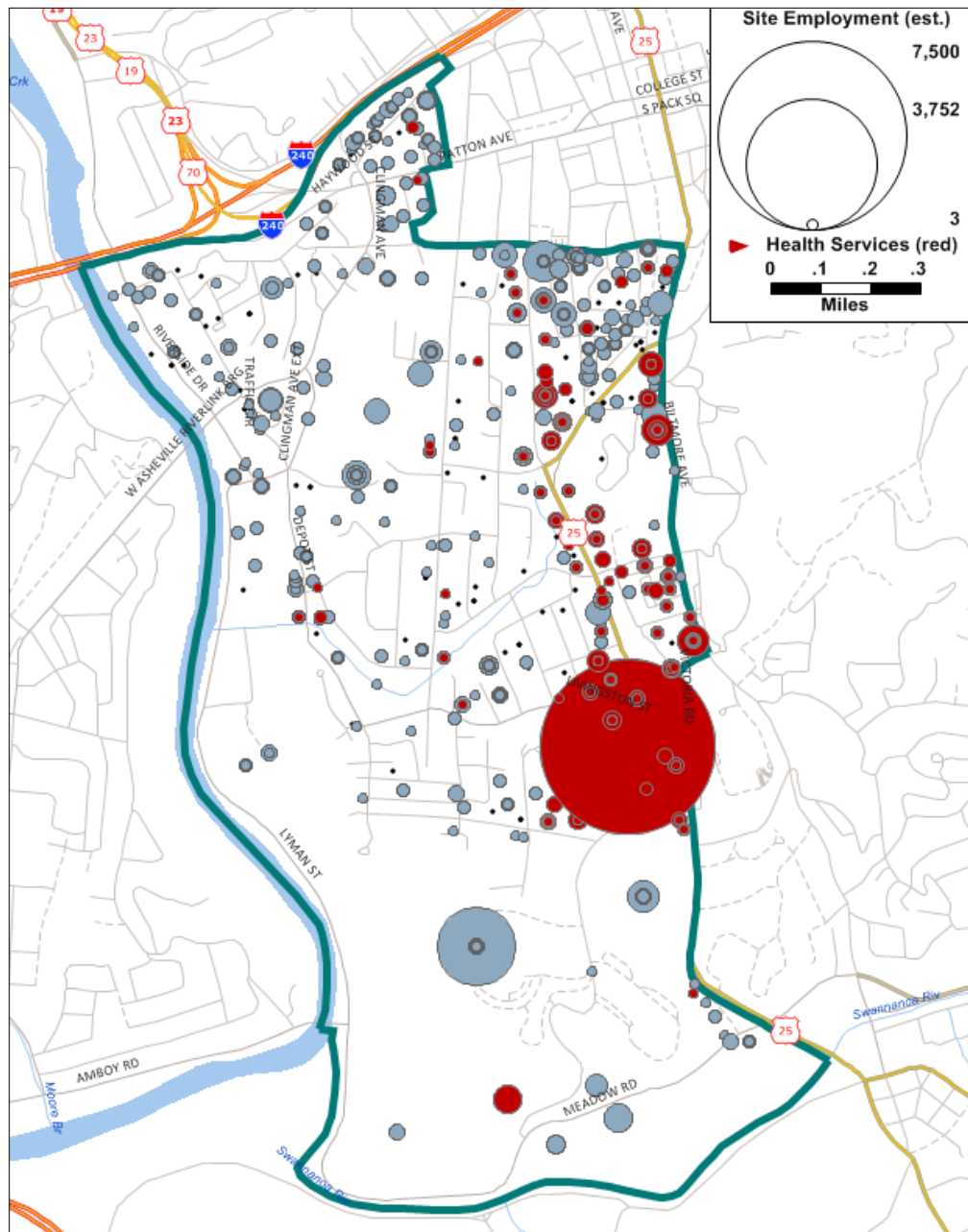
According to private business listings, there are 1,406 businesses within EOTR in 2014.¹ The number of EOTR businesses listing has increased by 727 or 107.1 percent since 2003.

Health Services businesses comprise 46.3 percent of all EOTR listings in 2014 and have added the most listings since 2003; up 292 or 81.3 percent.²

¹ Privately published business listings provide a broad measure of business activity and dynamism. However, because they are based on information gathered from a variety of third-party sources, they are subject to errors and miscalculation. For example in this case, *Health Services* listings can be overstated because many physicians list themselves individually and list again within a group practice.

² Private business listing databases use the Standard Industry Classification (SIC) to categorize industries, which differs from the industry classifications used by the U.S. Census Bureau elsewhere in this report.

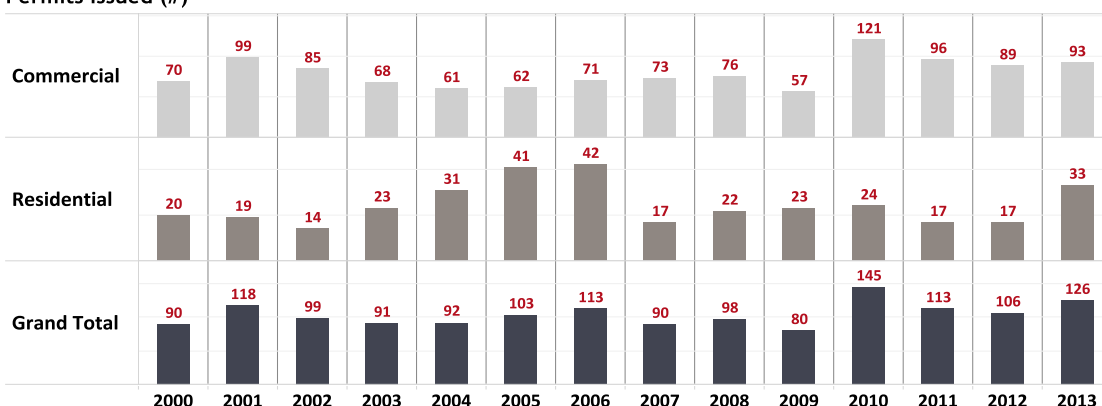
Site Employment Map (estimated)



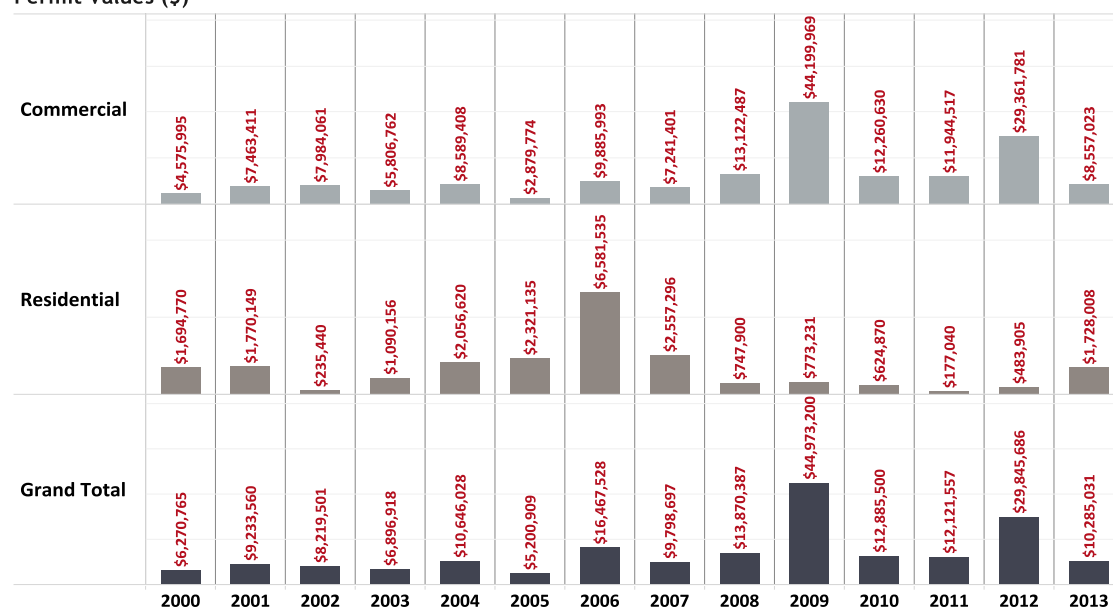
Source: Infogroup

Building Permit Activity

Permits Issued (#)



Permit Values (\$)



Source: City of Asheville Building Permits, accessed via civicdata.com

Permit activity provides a leading indicator of future development and a reflection of the expectations of private investors in an area.

The total number of commercial permits issued annually over the last four years exceeds the annual totals reached in the previous eight years. Commercial permit values in years 2008-2012 have exceeded the previous eight years by a median value of \$6.5 million.

The total number of residential permits issued in the EOTR has been trending up over the last four years, 2010-2013; following a peak in 2005-2006, which coincides with the broader nationwide housing boom. The total of 33 residential permits issued in 2013 is the highest number since 2006.

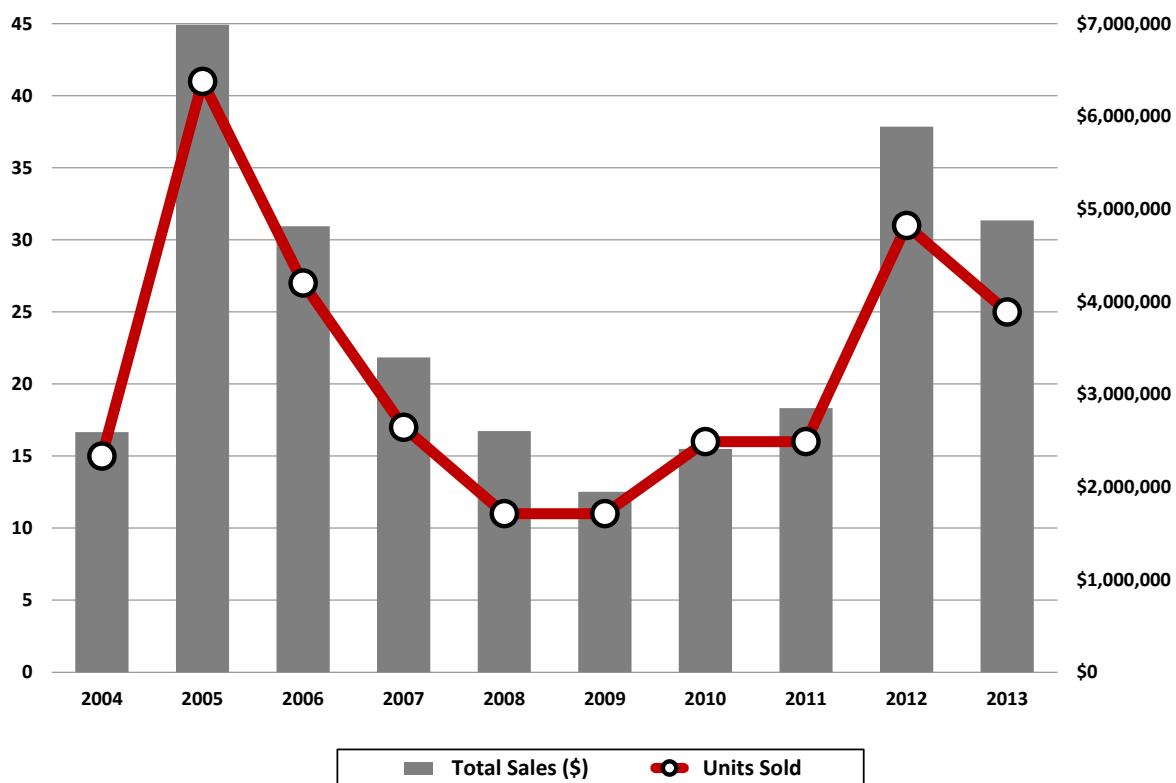
Similarly, the total residential permit value of \$1.7 million in 2013 reflects a new six-year high; averaging more than \$1.1 million higher or 300 percent above years 2008-2012.

Examining select residential permit activities reveals the \$1.35 million for new construction and \$81 thousand for additions in 2013 are four year highs, while the \$223 thousand for remodeling is a three year high.

It should be noted that permit issue dates don't necessarily reflect the year in which the activity completes, some jobs may take several years to finalize. In some rare cases a permit may be issued for activity that is not initiated.

Existing Residential Home Sales

East of the Riverway -Existing Residential Home Sales Activity



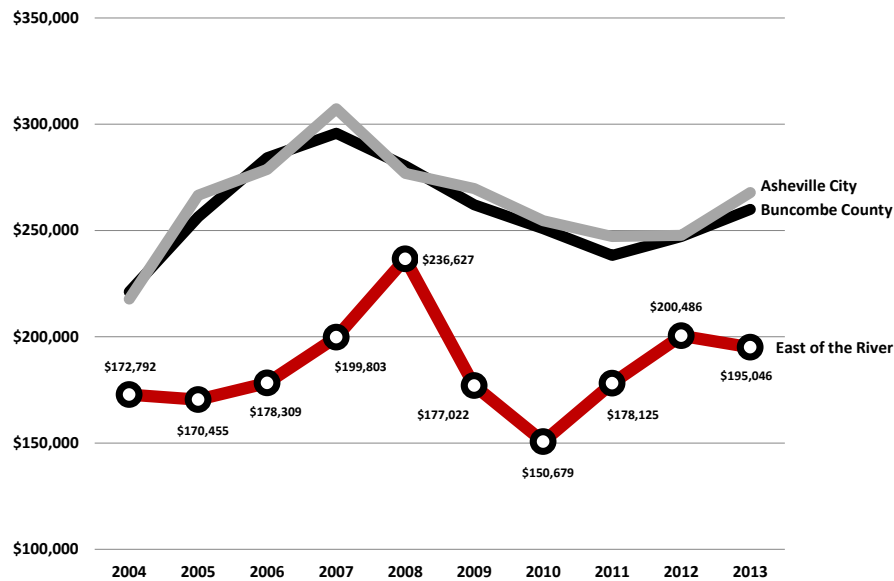
Source: NC Mountains Multiple Listing Service

Existing home sales in EOTR have been trending up over the last four years.

In 2013, 25 units were sold, more than double the 11 units sold in both 2008 and 2009. The 31 units sold in 2012 was a seven year high.

The total value of existing homes sold in 2012 and 2013, at \$5.8 and \$4.8 million respectively, exceeding the annual totals reached in the previous five years. Sales in 2012 were over 200 percent higher than in 2009.

Average Existing Homes Sales Price



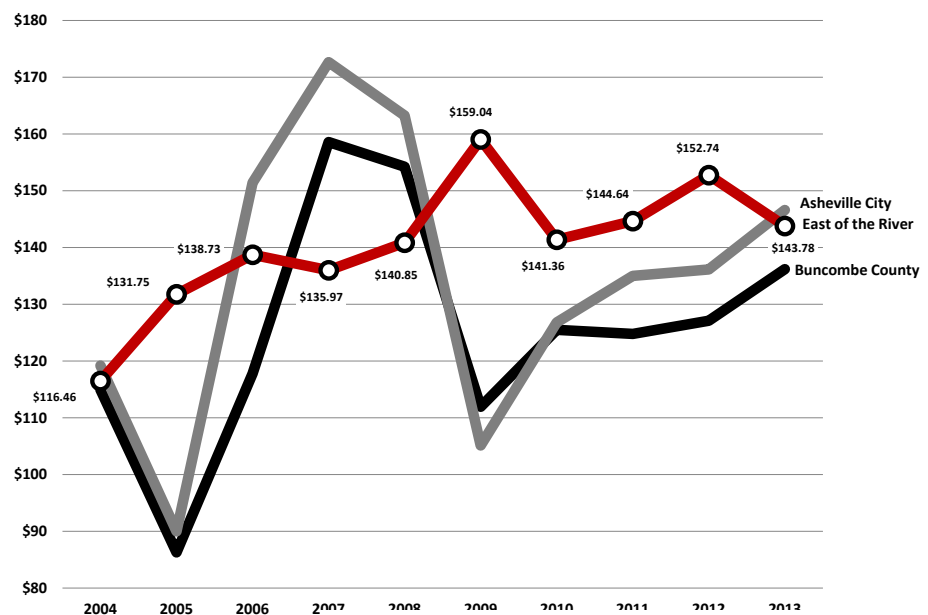
Average sales prices for existing homes in EOTR remain well below averages in the City of Asheville and Buncombe County. At \$195,046, the 2013 average sales price was 27.2 percent below the City and 33.3 percent below the County.

Over the last ten years, existing homes have sold for an average of 29.2 percent below the City and 40.9 percent below the County.

Residential Home Sales Price Per Square Foot Comparison

Despite lower *average* home sales prices, comparisons using the price per square foot place EOTR values above Buncombe County over the last five years, and in four of the last five years compared to the City of Asheville.

The trend over the last five years has seen the price per square foot steadily rising in the City and County; while remaining in a narrow range in EOTR.

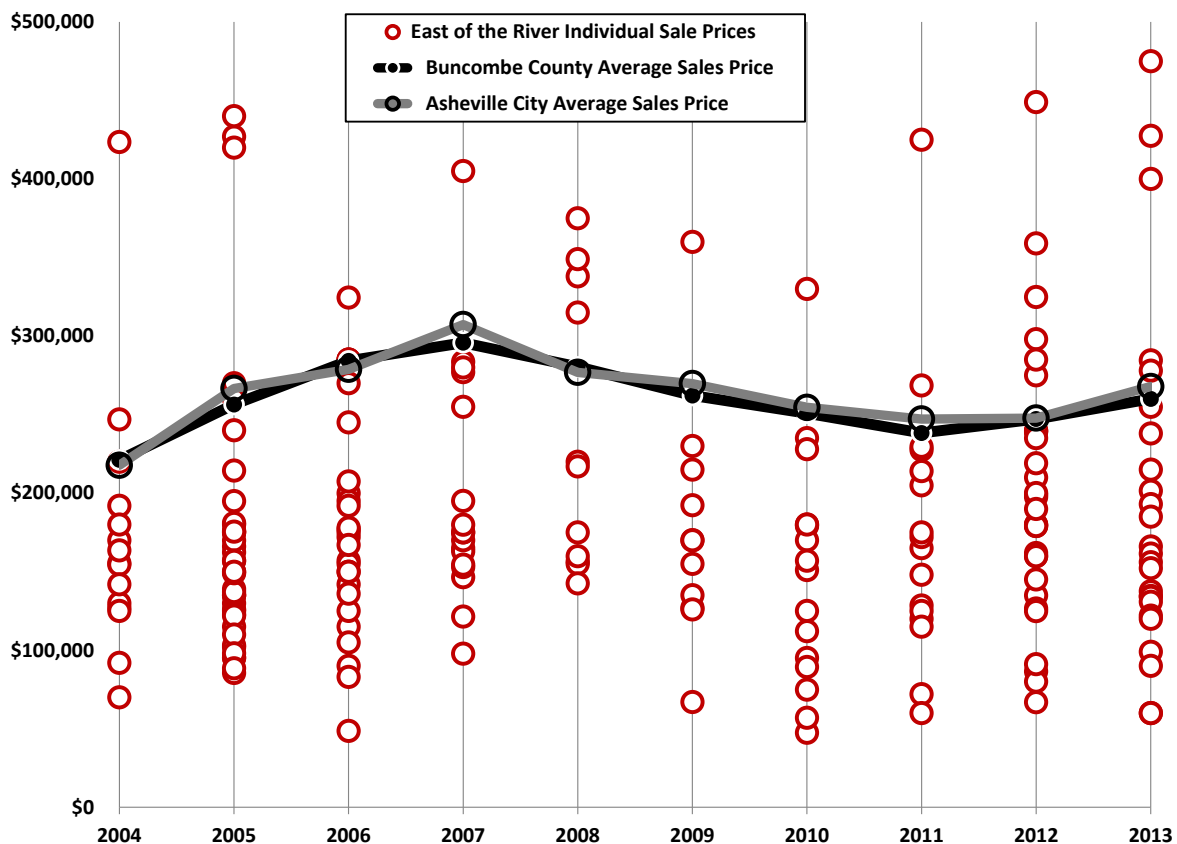


Source: NC Mountains Multiple Listing Service

The differences in per square foot valuations may be partially explained by home size differences. Homes sold in the EOTR over the last five years averaged 1,322 square feet; while in the City they averaged 2,110 square feet, and 2,016 square feet across the County.

The higher price per foot numbers in EOTR may represent the impact of investor pricing. As noted in the Occupancy analysis, the majority of EOTR housing units are renter-occupied, which implies that investor considerations play a greater role in in home purchase decisions. Price per foot values in the EOTR may reflect the larger influence of market pricing by landlord-investors.

Existing Residential Home Sales Price Comparison



Source: NC Mountains Multiple Listing Service

An examination of over 200 individual existing home sales in the EOTR between 2004 and 2013 does not reveal any notable price trend activity relative to City and County average prices. The number of home selling above the averages have ranged from only one in 2010 to six in 2012; although the annual year-to-year numbers changes does not present a discernible pattern.

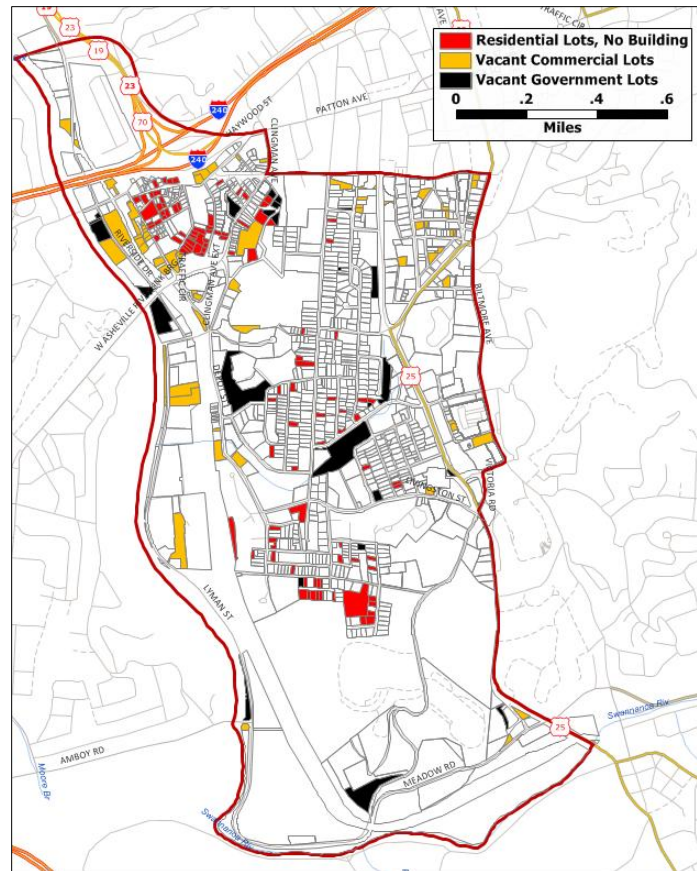
The analysis confirms that the bulk of sales in the EOTR remain below City and County average prices, and at present, indicate that outliers (at the high or low end) are not skewing or masking other underlying pricing developments.

Vacant Parcels

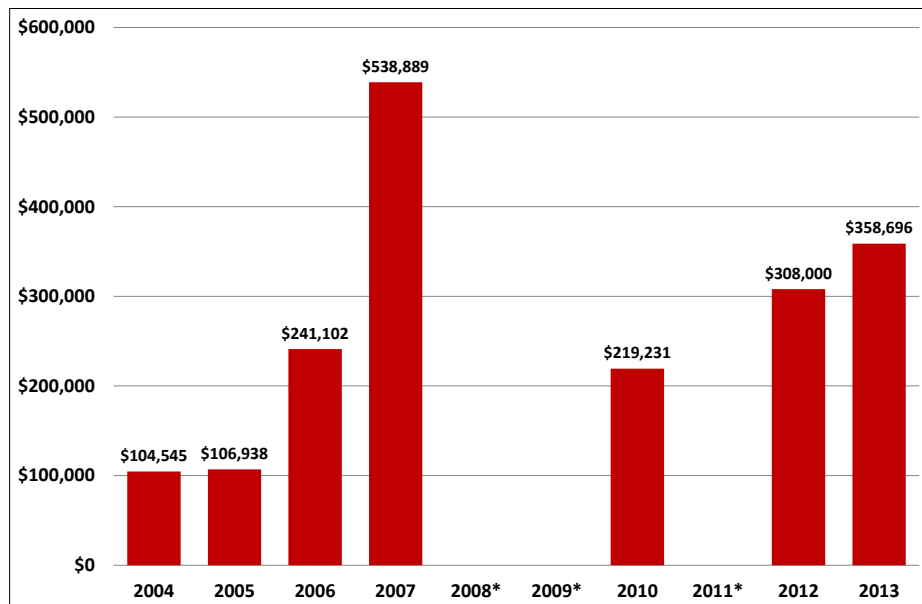
A summary review of vacant properties³ provides context for future development and growth possibilities. Of the 912.2 acres comprising EOTR:

- 24.5 acres (2.7% of EOTR) are *Residential lots with no building*
- 31.1 acres (3.4% of EOTR) are *Commercial vacant*
- 26.5 acres (2.9% of EOTR) are *Government-owned vacant*

In total, there are 82.1 acres (9.0% of EOTR) which are listed as vacant.



Vacant Lot Sales-Price Per Acre



Source: NC Mountains Multiple Listing Service, *no sales listed

A review of 27 sales of EOTR vacant property between 2004 and 2013 shows an increase in the price per acre of \$139,465 or 63.6 percent from 2010 to 2013.⁴

The peak price per acre occurred in 2007 at \$538,889.

³ The review relied solely on published parcel information and should be viewed as a cursory-level analysis. More detailed site examination would be required to provide actual status confirmation of the parcels and their development capacity.

⁴ Because the sample size is small, caution should be exercised in the interpretation of trends and patterns.

Fifteen Year Population Forecast

Small geography population forecasting is typically derived from either of two methodological approaches; extrapolating historical trends into the future, or incorporating observed recent developments as the basis for future trends. Both of these approaches have distinct limitations when applied to EOTR.

As demonstrated by much of this report's findings; EOTR is currently facing a blend of shifting economic and demographic circumstances. Many conditions indicate wholly new pressures and opportunities for the area. How these emerging tensions will translate into sustainable fifteen-year trends is hard to quantify. Because of the area's small geographic size and increasing commercial and public focus it is not hard to imagine a combination of developments or realignments of market forces that might ignite transformational change.

Historical Trends

The total EOTR population has varied little over the previous 20 years. The 1990 population of 3,101 dropped by 187 to 2,914 in year 2000, and then increased by 377 to 3,291 in year 2010. Over the entire previous 20 years, EOTR increased by 190 persons or 6.1 percent. By comparison, over the same period Buncombe County's population increased by 36.3 percent. Using EOTR historical population trends as the basis for a forecast would show a net population increase of less than 200 new residents in fifteen years.

Observed Recent Developments

A more pragmatic approach to forecasting would be to gather a few reliable data points and use them to build a rough model of likely outcomes. This approach is not based on a strict statistical framework, but mostly on local observational information. This methodology will miss any extraordinary unforeseen future developments.

Using the observation of recent developments, near-term population growth will largely be driven by the creation of new housing units. Earlier findings indicate forces that may lead to changes in the demographic composition of residents. While shifting factors such as household income, racial composition, ownership rates, or home values are critically important to commercial and public interests, they shouldn't have major predictable impacts on aggregate population totals. For example, one possible future outcome for EOTR may be the attraction of higher income households into the existing housing stock. While a significant social development, in terms of raw population numbers the change should be nearly negligible. Any resultant aggregate changes on population from these new residents, such as different household sizes or family type, would be marginal.

Between 2008 and 2013 a total of 22 permits were issued for construction of new single residential units in EOTR. Over the same period six permits were issued for demolition of single-unit residential housing in EOTR. Over the observed five years then, EOTR experienced a net gain of 16 new residential units. Separately, two larger scale EOTR residential projects can be used as a rough baseline for future multifamily development. The two developments bookend the 2010 to 2015 period and provide an observed standard to be incorporated into the forecast. The 60 unit Glen Rock on Depot Street which officially opened in 2010, and the 209-unit RAD Lofts development at the Clingman Avenue Extension and Roberts Street, which will likely break ground in 2014. Together the two developments add 269 EOTR residential units.

The five-year observed total 285 net new EOTR housing units can be converted into population gain by using the 2010 average EOTR household size of 1.9; meaning the EOTR will gain about 542 net new residents as a results of the added units. Assuming the same rate of residential development over the next fifteen years translates into a total of 1,626 new EOTR residents, a 49.7 percent increase from 2010. This is an annual gain of 108 new residents or average annual population increase of 2.7 percent.

For context, according to the U.S. Census Bureau, as of 2013, 32 of North Carolina's 803 municipalities (4.0%) averaged population growth rates at or above 2.7 percent over the last four years.

Key Findings

Demographics

- Over the last 20 years the proportion of EOTR residents identifying themselves as Black or African American has declined from 79.0% in 1990 to 56.0% in 2010. Similarly, the number and proportion of EOTR residents identifying themselves as White has increased, although the rise only occurred in the most recent decade.
- Persons living alone, under age the age of 65 comprise the single largest proportion of EOTR households; nearly one-half at 47.7 percent.
- Married-couple families with and without children under 18 years old comprise 10.8 percent of EOTR households; while in the County this groups accounts for 45.3 percent of households, and in the City 33.7 percent.
- In 2010 median EOTR household incomes were 142.5 percent below the County and 132.2 percent below the City.
- More than one-half (57.3%) of EOTR households have incomes below \$25,000.

Housing

- Renter-occupied housing comprises a significantly greater proportion of housing units in EOTR than in the City of Asheville and Buncombe County. In 2010, 62.1 percent of households were renter-occupied versus 44.6 percent in the City and 30.4 percent in the County.
- As of 2010 the median value for owner-occupied homes in EOTR equaled \$178,500. The value is up 73.9 percent from 2000.
- Nearly one-half of EOTR homes were built in the periods of 1970-1979 or 1939 and earlier.
- In 2010, 46.1 percent of EOTR owner-occupied households devoted more than 35 percent of their income to housing costs.

Employment

- Of the 13,647 persons employed in EOTR in 2011, 13,390, or 98.1 percent, do not live in EOTR but in-commute from outside.
- The *Health Care & Social Assistance* industry comprises 53.2 percent of total EOTR employment, and was the largest contributor of net new jobs since 2002, adding 644 new positions.
- According to private business listings, there are 1,406 businesses within EOTR in 2014. The number of EOTR businesses listing has increased by 727 or 107.1 percent since 2003.

Building Permits

- The total of 33 residential permits issued in 2013 is the highest number issued since 2006.

- The total residential permit value of \$1.7 million in 2013 reflects a new six-year high; averaging more than \$1.1 million higher or 300 percent above years 2008-2012. Values for new residential construction and residential additions are both at four year highs.
- Commercial permit values in years 2008-2012 have exceeded the previous eight years by a median value of \$6.5 million.

Existing Home Sales

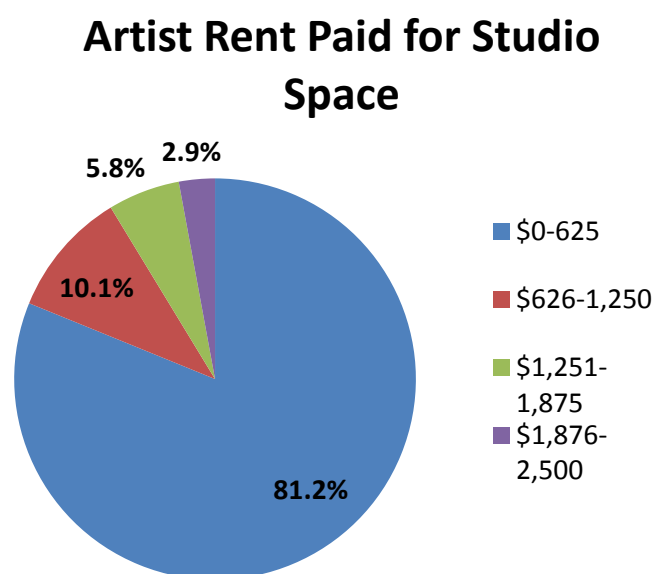
- Existing home sales in EOTR have been trending up over the last four years.
- The total value of existing homes sold in 2012 and 2013, at \$5.8 and \$4.8 million respectively, exceeding the annual totals reached in the previous five years.
- The 31 existing homes sold in 2012 was a seven year high.
- Average sales prices for existing homes in EOTR remain well below averages in the City of Asheville and Buncombe County. Over the last ten years, existing homes have sold for an average of 29.2 percent below the City and 40.9 percent below the County.
- Despite lower *average* home sales prices, comparisons using the price per square foot place EOTR values above Buncombe County over the last five years, and in four of the last five years compared to the City of Asheville.

Artist Survey

A survey of artists working in the River Arts District was conducted using Survey Monkey, and was distributed through the River Arts District Artists, an association of artists that have an online directory, website and coordinates the Studio Strolls several times a year. The full survey can be found in the Appendix.

The survey requested information about the artist's space: whether they rent or own, how much rent costs per month, the amount of square feet, whether they share space, and how much the total rent is. In addition the survey asked each artist to estimate how much of their monthly income *from art* they spend on their studio space. Artists opinions about affordability of the River Arts District was covered. Finally, the survey asked artists to submit opinions about what their professional needs are, and whether they would be interested in living in the River Arts District in either a separate space or live/work space.

Overall, 74 responses were received, and 71 of those were artists who either rent, sublease or do an exchange for space. Three respondents own or co-own their space. Sixty percent of those who responded share space with other artists.



The range of rents paid by respondents varied from \$100 to \$2500 per month.

- The range of rents were between \$100 - \$2500.
- Median rent reported was \$333/month.
- The average rent was \$494/month.

Artist Rent Paid for Studio Space, in quartiles.

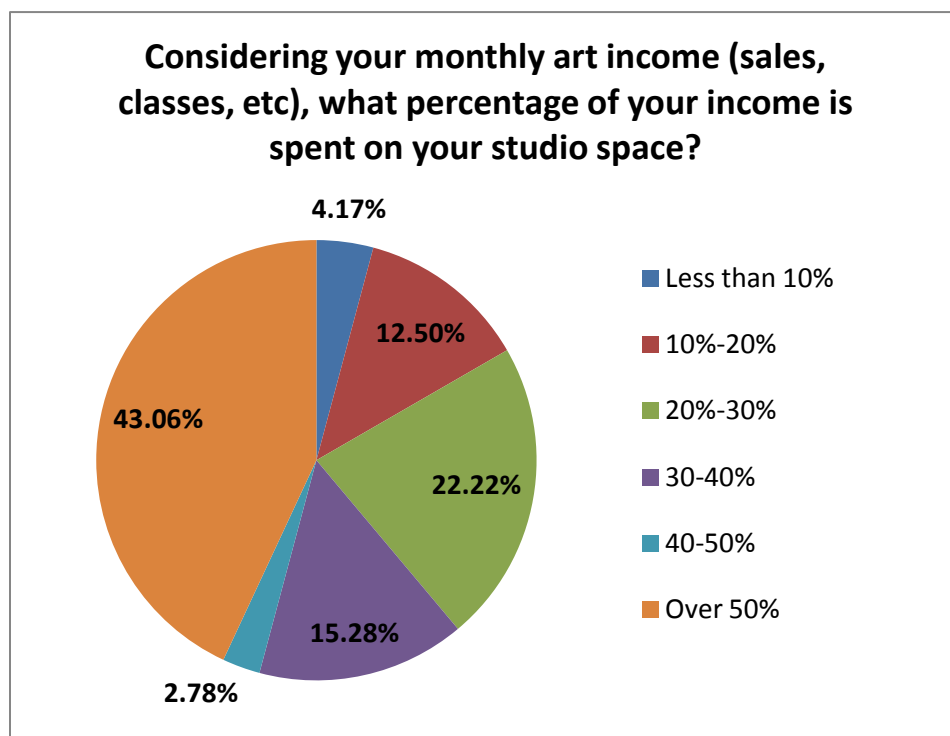
Rental Rates

The survey asked respondents to report their rent per month as well as the square footage of their space. A few respondents were not comfortable reporting their rent, though almost all did. Similarly some respondents did not know what their square footage was. These questions were asked so that a square foot rate for rent could be calculated from the data.

A complicating factor was that many respondents reported sharing space with another artist. Some artists who reported sharing space, reported their portion of the rent, but did not necessarily only their portion of the studio space. A good number of respondents were from Odyssey Ceramic Studios, and they were not able to estimate their space, as they pay for shelves, but share a large amount of equipment in the studios.

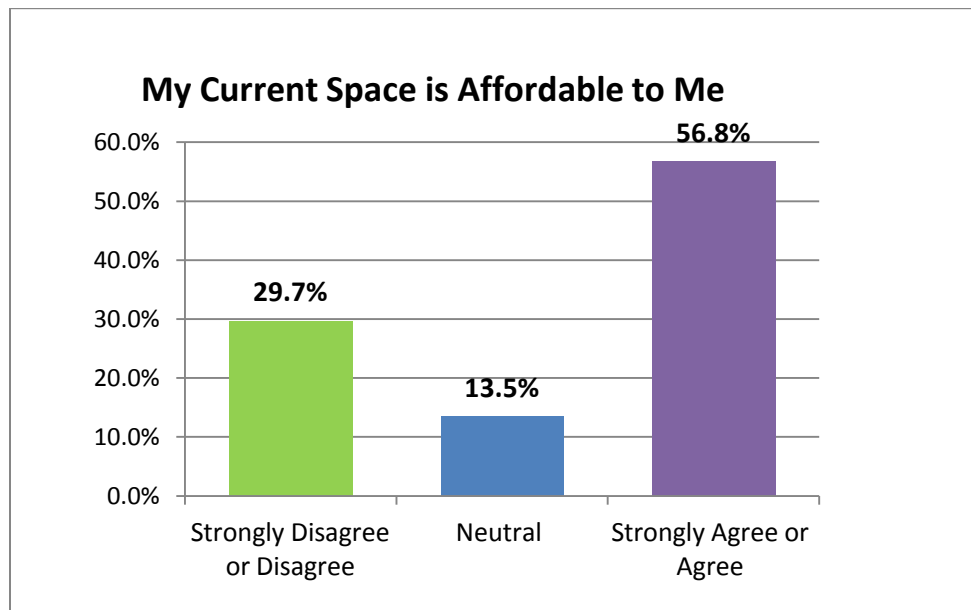
For those artists who were not sharing space, there was an average cost of \$12/square foot. This is at the top of the range that a local commercial property manager reported as being affordable for artists. In general in commercial real estate, very small spaces still command a base amount of rent, which can translate into a high per square foot amount.

The survey asked artists to estimate what portion of their art income, including teaching art classes, they spend on their studio space. Over sixty percent are spending more than thirty percent of their art income, and forty three percent (43%) estimated that they are spending over fifty percent of their art income (50%). Given that the median rent is \$333

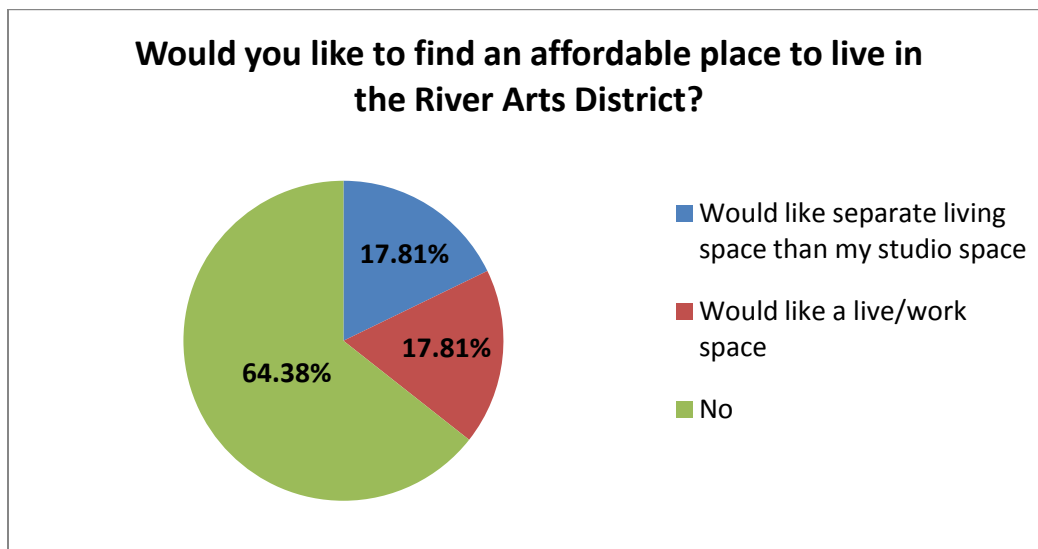


per month, this means that of the artists that responded, many are not really making a adequate monthly income from their art, and must either have another job or depend on someone else for living expenses.

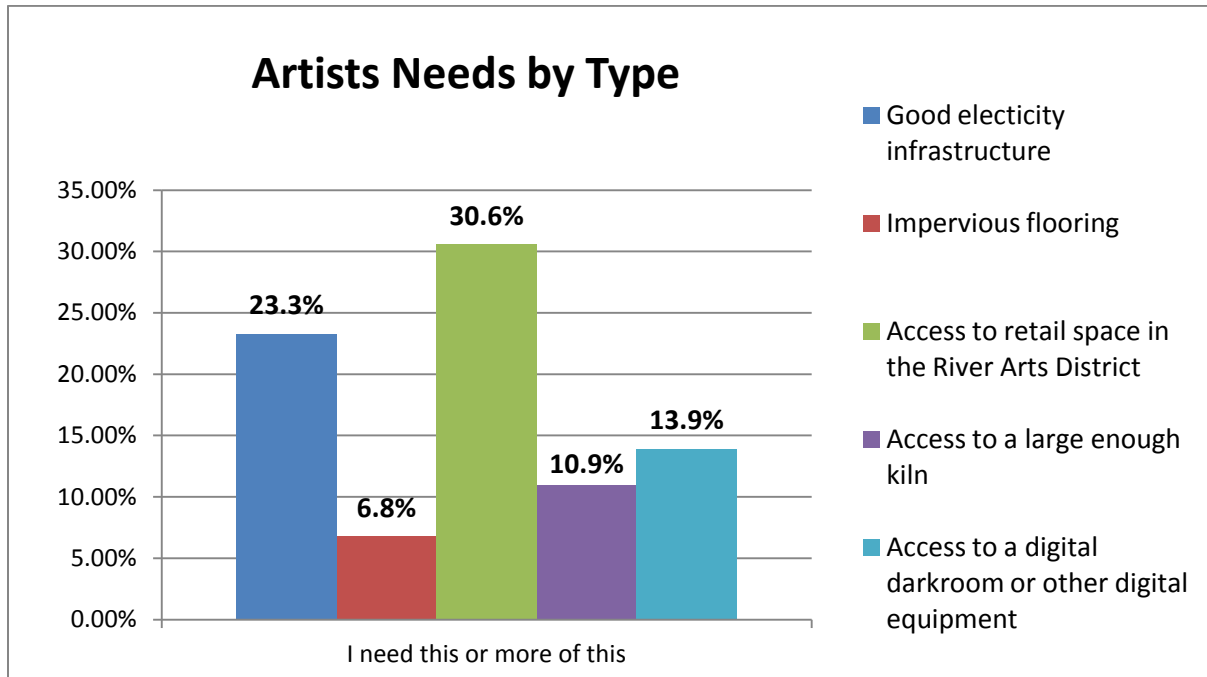
Interestingly, even though rent uses a high proportion of art income for most respondents, fifty seven percent (57%) said that their current rent is affordable. Notably, when asked about the future affordability of studio space, ninety six percent (96%) of respondents said they are concerned about the future affordability of studio space. The open comment section of the survey bore this out. Most comments reflected serious concerns of artists about whether they or others would be able to stay in the River Arts District.



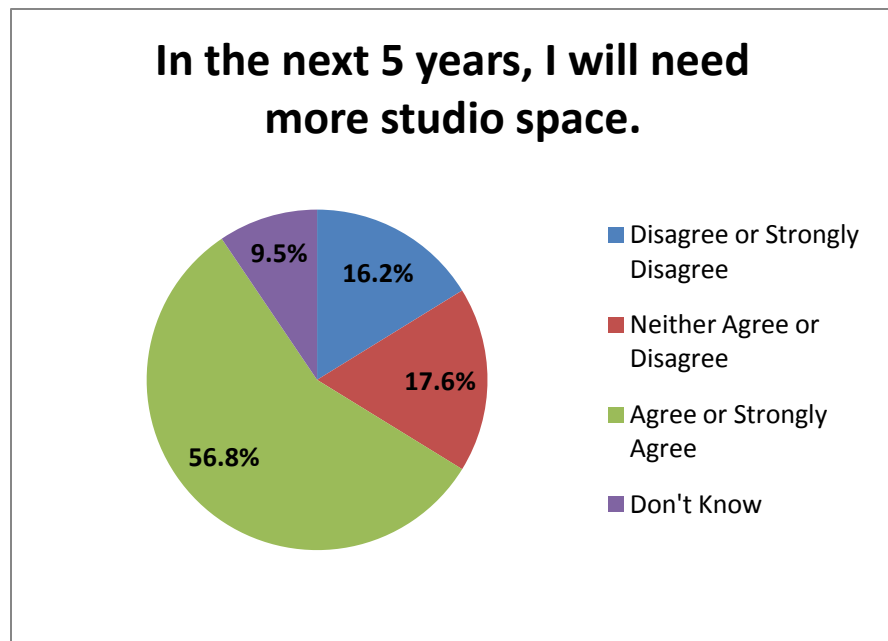
About thirty five percent (35%) of respondents indicated that they would like to have an affordable place to live in the River Arts District, either as live/work space or a separate unit from their studio space. Although this is not a scientific sample, it indicates that future development including affordable artist living space would have more than sufficient demand.



Generally, artists largely seem to have the facilities that they need in their current space. Thirty percents (30%) of those who responded to the survey did say that they would like access to retail space located in the River Arts District. Almost a quarter of respondents indicated that they need better electricity infrastructure in their studio space.



When asked if they think they will need more studio space in the next five years, fifty six percent (56%) of respondents agreed or strongly agreed with the statement. The survey did not cover how much space was needed.



Stakeholder Interviews

Interviews were conducted with approximately 30 people who represent the range of stakeholders in the East of the Riverway area. A member of the team also attended several meetings where concerns around gentrification and community economic development issues were discussed. These interviews have been tremendously helpful in understanding the dynamics in the area, as well as the range of opinions around gentrification and affordability issues.

Neighborhood Stakeholders

Conversations with neighborhood stakeholders revealed that most folks living in the neighborhoods are very aware of the changes happening around them, most notably the loss of African-American residents. This change has been more noticeable in the WECAN neighborhood, where the development of new housing has brought additional investment in older houses, and now new private homes being developed.

There is a common explanation that some of the loss of African-American households is due to children, once grown, moving away to other cities such as Charlotte or Atlanta to pursue the greater opportunities that exist in those communities. When elders of the family die, children who have moved away are not interested in moving back to Asheville and sell the house for the market price. Although these explanations were not verified, there were numerous examples given of younger generations moving away. There were also some comments that some African American households prefer to locate outside of the city because of lower housing costs (real or perceived). One resident of the South French Broad community proposed that a marketing campaign should be implemented by a coalition of stakeholder groups to attract younger African-American families back to the neighborhood.

Residents and local non-profits and agencies are very aware of the pressure building around the neighborhoods in the area: the New Belgium Brewery, development around AB Tech and Mission Hospital, and increasing development pressure in the River Arts District. Several folks expressed frustration that unemployed people in the neighborhood were not able to work at Mission, in some cases due to a lack of transportation on Sundays. Similarly, the question of who will get the jobs at the new New Belgium brewery was asked, especially as the average salary is projected to be very good.

The legacy of Urban Renewal came up in many conversations. There are strong feelings held by a number of folks that Urban Renewal broke apart the social fabric and was very painful for the community, and the threat of increased property values and higher taxes

looms large. One stakeholder wondered if the pain and lingering wounds from Urban Renewal would present a barrier to the neighborhoods moving forward.

Public Housing Residents

We spoke with Housing Authority officials, residents of public housing and spoke with several agencies and non-profits that work closely with residents. We also attended several meetings where residents expressed their concerns about the future. Public Housing residents are currently very concerned about upcoming changes with the Rental Assistance Demonstration project (RAD). Although there will be no immediate changes, with the exception of Lee Walker Heights, residents are still anxious about new rules and regulations and how those will impact their ability to pay rent and keep their units.

Some residents we talked with would like to move out of public housing, but the lack of a safety net once a person leaves, makes it difficult. The rental formula that is in place due to federal regulations can be seen to “trap” a family in public housing since once they get a job, they will always have to pay 30% of their gross income, which for a minimum wage job, leaves very little other money to pay for basic needs and childcare, transportation, etc. Having a job can become harder than not having one.

Issues around transportation, wages, criminal background and job availability came up frequently in conversations with non-profit service providers. These are citywide problems that are affecting both public housing residents and other low-income households. In East of the Riverway, it is particularly notable given that the close proximity to Mission Hospitals one of the largest employers in the city, and A-B Tech. Barriers to qualifying for affordable housing developments were also mentioned frequently; credit history and criminal background were both seen as very real hurdles for folks trying to move out of public housing, or to more stable housing.

River Arts District

Through discussions with both artists, building owners and arts advocates, a consensus emerged that the River Arts District is a great place for artists, but feels fragile to many, and some feel that it has already tipped past the point of being affordable and is on a trajectory of losing its unique character.

Currently, building owners are generally working to be supportive of artists by working to keep studio rents affordable. What is considered affordable is a range between \$6 - \$12/sf. With the exception of 372 Depot Street, all of the studios are located in older buildings that

require upfitting to bring spaces up to code. This can involve new stairs, elevators and new windows, which are larger ticket items that affect rent structure. Comments were made that the City of Asheville Development Services Department tries to work with building owners to help them comply without breaking the bank. Most spaces are general commercial space and not requiring sprinkling, which is a very big cost item.

In the survey artists expressed a high concern with future affordability in the district. But artists are also concerned with keeping the character of the River Arts District, which is seen to include having high quality artists that are producing notable work that will draw outsiders to the district, affordable rents for artists, and the “funky” old buildings. Several artists commented that they were concerned about new, taller buildings being built and changing the character of the district. About one-third of those who responded to the survey said that they would be interested in some kind of affordable housing in the district, either live/work or separate unit from their studio.

The idea of an incubator space that would provide subsidized space to high quality artists at the beginning of their career came up several times. The incubator would allow artists several years to establish themselves before they had to pay higher, market-rate rent in a unsubsidized space. It was suggested that the spaces would be juried to ensure quality.

Quotes from the Artist Survey

The following quotes were gathered in response to the question: “ Looking to the future, what are your greatest hopes and/or concerns for the River Arts District?”

“That through the gentrification there will be huge rent increase and the young avant garde artist will look for other space. We will become a place that has art only for tourist and not a nourishing environment for the younger artist. This aspect of the gentrification has begun.”

“My hope is for a variety of studio/living space options, to accommodate serious, emerging artists to professionals, with varying cost levels to reflect the different incomes. A RAD gallery/shop would be helpful, with monthly, juried shows. With the current purchase price for recently sold buildings, coupled with the brewery and other restaurants opening near the district, I do fear that the prices will eventually be too high for artists to remain here.”

Conclusions about Gentrification in East of the Riverway

Bringing together both quantitative and qualitative data about East of the Riverway makes it clear that economic and market forces are at work in the area, and over time, prices are rising, while income has not risen greatly. Given the proximity to downtown, the hospital, Biltmore Village and the river, public and private investment, the neighborhoods in East of the Riverway are considered some of the best located real estate in the city.

These neighborhoods already face a number of challenges, including:

- There is significantly more rental housing (62%) than owner-owner-occupied homes (45%) in these neighborhoods.
- Median household income in the neighborhoods, as of 2010, was 132% below the City of Asheville and 143% below Buncombe County.
- Of the 13,647 persons employed in these neighborhoods (2011), only 257 lived in these neighborhoods.
- Nearly 50% of the homes in these neighborhoods were built before 1969 and 27% of all homes were built in 1939 or earlier.

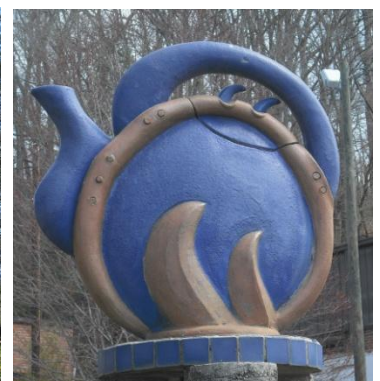
As dramatic changes are already underway, an analysis of demographics and market trends demonstrate that these neighborhoods are already experiencing gentrification, as wealthier people and businesses that cater to them are moving in, drawn by the location, the diversity and “feel” of these neighborhoods. Some of this change is driven by public sector infrastructure investment, while some is fueled by “urban pioneers” and entrepreneurs acquiring “fixer-upper” buildings and major redevelopment projects like the New Belgium Brewery. The impacts on the neighborhoods already are both notable and severe, including:

- Values for owner-occupied homes in the neighborhood are up 74% since 2000 – and the median value of a home (in 2010) is \$178,500, an amount that closely mirrors median home values in the city and the county.
- Nearly half (46%) of all homeowners in the neighborhoods are “cost burdened” – i.e., paying more than 35% of their income for housing.
- The number – and value – of residential and commercial building permits is up dramatically in these neighborhoods in recent years.
- There is a substantial shift in neighborhood demographics underway. Between 1990-2010, the number of African American households declined from 79% to 56% of total households, while the number of white households increased from 21% to 39% of total households in these neighborhoods.
- Artists report increasing challenges in locating affordable work and gallery space in these neighborhoods and expressing growing concern about the prospects for affordable space in the future.

- Property owners are also concerned with keeping working artists in the district, and ensuring that space is available for high quality artists, especially at the beginning of their careers.

As referenced earlier, there are three definable stages of gentrification: (1) *Early* (housing prices and land values have begun to increase, creating warning signs for gentrification and future displacement); (2) *Middle* (neighborhood prices and values have already risen sharply and displacement has begun, while affordable residential and non-residential space remains available, as does some available developable land); and (3) *Late* (neighborhood housing prices and values have skyrocketed; leaving little affordable housing, non-residential space, or developable parcels, and most, if not all, lower-income individuals and households have been displaced and are unable to return).

Even a cursory review of available data and trends makes it apparent that the East of the Riverway neighborhoods have transitioned into the “middle” stage of gentrification (#2 above), as housing prices and property values are trending upward in these neighborhoods and displacement of homeowners, renters and artists is already underway. And, given the location, desirability, and character of these neighborhoods, combined with the comparative affordability of real estate and the significant level of public sector and private sector redevelopment slated for these neighborhoods, there is little doubt that these trends will continue. And the corresponding impacts on artists and lower-income households, especially on households of color, are likely to be severe.



Other Community Issues

During the study period, a number of critical, community issues surfaced, particularly through the interviews with key stakeholders. Although these issues were not a part of the focus of our assessment and analysis, we feel these issues were significant enough to merit mention here.

Employment Issues

In many conversations about changes happening in the neighborhood and the impacts on residents, the issue of jobs, wages and job training came up quite frequently. This is, of course, a citywide and even county wide issue. Many people struggle to make enough money to support themselves and their families. As evidenced by the data, this is even more the case in the East of the Riverway, than the larger community.

There are numerous non-profits, governmental and educational institutions that are working on these issues. What became clear, however, is that there is a huge – and growing – disconnect between residents in these neighborhoods and the many jobs within a relatively short distance of homes. Jobs at Mission Hospitals, New Belgium and the burgeoning entertainment businesses feel very out of reach for folks currently living in these neighborhoods.

The Diversity Engagement Coalition is a group of major employers who are working together to make jobs more accessible to people of color. Mission, MAHEC, AB Tech, the City of Asheville, Buncombe County and UNC-Asheville are all key members of the coalition. This is a great step forward for the community; however, in East of the Riverway, there is a greater need and opportunity for these anchor institutions to be more actively involved.

With the exception of UNC-Asheville, these anchor institutions are located either in or immediately adjacent to East of the Riverway. There is a big opportunity for these institutions to be engaged in supporting local businesses, potential cooperative businesses and developing housing for workforce employees. This has been an enormously successful partnership in Cleveland, Ohio, where the Cleveland Clinic, University Hospitals and Case Western Reserve University came together as “anchor institutions”, along with the Cleveland Foundation, to address issues and commit considerable resources in the predominantly low-income and African American neighborhoods immediately surrounding their campuses.

Urban Renewal

As stated elsewhere in this report, strong and often bitter feelings linger remain regarding the displacement that occurred with Urban Renewal in the 1970s. The consultant team did not spend time with participants discussing what should be done to heal these wounds, but it is clear, it will be hard for some to move on positively without some sort of acknowledgement and positive change.

Some of the strategies included in this report could be a part of an overall approach to redress unwanted displacement that happened in these the neighborhoods by ensuring that current residents can stay affordably in the neighborhood. In the end, however, efforts to heal these long-standing community wounds will need to be addressed openly by community members themselves. Examples from other communities could be explored. Here in North Carolina, there is the Greensboro Truth and Reconciliation Commission and the Cherokee Healing and Wellness Coalition. Both of these are examples of community members coming together to heal painful historic events. Community-based grassroots groups would likely be the appropriate avenues to lead the effort to address these issues.



Transportation Connectivity

Similar to issues around jobs, wages and training, transportation as a barrier to employment came up in numerous conversations. Many stakeholders are well aware that for those living in public housing or other low-income households, transportation can be the difference between getting a job and keeping it, on the one hand, or losing a job or not being hired in the first place, on the other. One interviewee, for example, cited the example of residents not having reliable transportation to work at jobs at Mission Hospital. A potential solution would be for hospitals to run shuttles for workers on Sundays to nearby neighborhoods, thereby making it possible for low-income neighborhood residents to keep



their jobs while enhancing the stability of their own workforce. The City of Asheville is working towards limited Sunday bus service, which is certainly a step in the right direction. At the same time, more out-of-the-box ideas from the private sector as well as the public sector need to be explored to connect residents in the East of the Riverway with the jobs they need to be successful.

Strategies to Combat Gentrification and Displacement

Urban geographer Ruth Glass first coined the term “gentrification” in the 1960s to describe the surprising phenomenon of upper middle-class British families buying property in London's gritty East End. Ever since, local neighborhoods and communities in the United States (and elsewhere across the world) – along with their local units of government – have been grappling with how to deal with how to benefit from the positive outcomes of gentrification and address the negative effects and redress the negative consequences impacting lower-income individuals and families in these neighborhoods.

While (as we explain in the “Final Recommendations” section of this report, below) there are some actions that local neighborhoods and community organizations can take to blunt the effects of gentrification, the most effective strategies to combat gentrification and prevent displacement are measures that local government can adopt and implement. In fact, without the active engagement of city and county governments being willing to use their legislative and regulatory powers – often in both a “carrot” and a “stick” approach – there is precious little that neighborhoods and local communities can do on their own. And the most effective strategies to prevent gentrification-driven displacement have been those involving collaborative public/private partnerships between local neighborhoods and their local units of government.



As part of our work on this assessment, we researched best practices currently in use in gentrifying neighborhoods and communities across the country. What follows is a “menu” of the best practice municipal strategies for combatting gentrification and preventing displacement we deemed most appropriate for what is currently happening in the East of the Riverway neighborhoods in Asheville.

1. Condominium Conversion Ordinance

What is the strategy designed to do?

Slow the loss of affordably priced rental housing by (1) requiring prior notice to existing tenants in buildings slated for conversion to condominiums and (2) imposing an impact fee on developers for every converted rental unit. Some condo conversion ordinances also require relocation assistance for displaced tenants, give tenants a collective right to buy their building before conversion, and/or give tenants an individual right to buy their apartment after conversion.

Where has the strategy been applied?

San Francisco CA: The first condo conversion ordinance (CCO) in the city was passed in 1979. In 2013, a proposed change to the existing CCO sparked intense debate. The change would have weakened the city's conversion lottery system, which caps condo conversions at 200/year. Developers wanted to be allowed to bypass the lottery by paying between \$4,000 and \$20,000 per unit. Affordable housing and tenant activists formed a broad coalition in opposition to the developers' proposal and proposed a bill of their own – which was enacted. Their bill included additional tenant protections, as well as a requirement that each converted unit be replaced with a unit of affordable housing.

Chicago IL: In 2011, after a three-year fight, the Chicago City Council passed a CCO that established protections for tenants in buildings proposed for conversion, even though the latest surge of condo conversions had begun to slow. The ordinance increased the amount of time that tenants needed to be notified before a conversion could occur and required developers to provide relocation assistance.

Boston MA: When rent-control laws were abolished statewide in 1994, there followed a long fight in Boston to pass a condo conversion ordinance. Finally enacted in 1999, Boston's CCO established a five-year notice period for elderly, disabled, and low-to-moderate-income residents and a one-year notice period for all other tenants. It also required developers to provide relocation assistance for displaced renters.

Other Cities: Los Angeles CA; San Diego CA; Seattle WA; Burlington VT; Chicago IL; Somerville MA.

What are the strategy's advantages?

- By slowing the speed at which conversions occur, some of the speculative “heat” may be taken out of the market.
- Tenants are given time to find replacement housing when forced out of a gentrifying neighborhood.
- Tenants are (sometimes) given an opportunity to remain in a neighborhood in which they may have lived for many years.
- Developers are forced to pay some of the costs of displacing vulnerable residents and removing affordable housing, costs that are usually treated by landlords and developers as externalities and pushed onto the municipality.
- Impact fees that are paid by developers who convert buildings to condominiums can be deposited into a housing trust fund and used by the municipality to subsidize housing in other neighborhoods.

What are the strategy's disadvantages?

- *Slowing* displacement doesn't necessarily *stop* displacement. Cooling speculation doesn't necessarily stop gentrification.
- Low-income tenants who attempt to exercise a collective or individual right to buy have found it difficult to raise equity and to qualify for mortgages.

- Impact fees collected on conversion are seldom high enough to allow affordable units that are lost to be replaced with affordable units provided through a housing trust fund's disbursement of collected fees.

2. Housing Demolition & Replacement Ordinance

What is the strategy designed to do?

Prevent the net loss of residential units by forcing any developer who demolishes a residential building or converts a residential building to a non-residential use to replace that housing on a unit-for-unit basis – or pay an equivalent fee into a municipality's housing trust fund.

Where has the strategy been applied?

Portland OR: Portland has enacted and administered two different laws that address the demolition of affordable housing: a “No Net Loss Policy” and an “Affordable Housing Preservation Ordinance.” These ordinances were designed to stop the steady loss of affordable rental housing in inner-city neighborhoods. The first simply required the city government to set goals for the production and preservation of affordable housing in the center city district. It also required the City's housing agencies to develop a strategy for monitoring and stopping the loss of affordable housing and established a municipal goal of imposing 60-year affordability controls on all publicly subsidized housing. The “Affordable Housing Preservation Ordinance” required for-profit developers receiving municipal assistance in creating affordable housing to do one of three things: keep their buildings affordable in perpetuity; sell them to the city; or pay a “replacement fee” of no less than \$31,000 for each rent-restricted apartment converted into a market-rate rental (or condominium).

Burlington VT: In the wake of numerous conversions of residential buildings to college classrooms, legal offices, real estate brokerages, and other professional offices, the City of Burlington enacted an ordinance in 1989 requiring a one-for-one replacement of any housing units lost to demolition or conversion.

What are the strategy's advantages?

- Where demolitions and conversions are being caused by – and helping to fuel – an overheated real estate market, such ordinances can have a “cooling” effect.
- By increasing the cost of demolition, such ordinances provide a financial incentive for a building's owner to invest in repairing and rehabilitating residential structures, instead of knocking them down.

What are the strategy's disadvantages?

- Replacement units will usually be built in neighborhoods with the lowest land costs. This does little to slow gentrification or to prevent displacement in the neighborhood with demolished/converted buildings, but it does provide replacement housing somewhere else for people who are displaced.

- If the opportunity to profit is rich enough, developers will simply internalize the cost and demolish or convert a building anyway.
- There are times when the demolition of a derelict residential building or the conversion of housing to a “higher” use might benefit a neighborhood’s vitality and quality of life, but these warranted changes may be prevented by such an ordinance.
- In several states, the legality of these ordinances has been challenged and they have been declared unconstitutional. A few states like California have passed enabling legislation to address this problem, but cities have been slow to take advantage of their newly granted authority to enact such an ordinance.

3. Tenant Right to Buy Ordinance

What is it designed to do?

Slow the loss of affordably priced housing by giving existing tenants a collective right to buy their building, triggered by their building’s proposed sale to a new owner or its slated conversion to condominiums.

Where has the strategy been applied?

Washington DC: In the early 1980s, the City Council passed the “Rental Housing Conversion and Sale Act.” Its goals included the preservation of rental housing for lower-income residents, the preservation of homes for the elderly poor, and the creation of homeownership opportunities for lower-income tenants. The Act included provisions stipulating that owners of residential properties must “give the tenant an opportunity to purchase the accommodation at a price and terms which represent a bona fide offer of sale” before they may transfer the property to a third party. For tenants to take advantage of this opportunity, they must incorporate a tenants association (unless one already exists). The owner must give the organization a reasonable amount of time not less than 120 days to negotiate a contract of sale.

Burlington VT: As part of Burlington’s Condominium Conversion Ordinance, enacted in 1987, tenants were given a collective right to purchase any building slated for conversion, if a majority of the building’s tenants vote to do so. In the absence of such a “certified tenant organization,” the City of Burlington or a nonprofit organization designated by the City could purchase the building on the tenants’ behalf. After receiving notice of a landlord’s intent to convert and detailed information about the building’s liabilities and expenses, a certified tenants organization, the City of Burlington, or a “designated housing agency” was given 90 days to sign a purchase and sale contract, contingent upon financing. The prospective buyer then had an additional 180 days to obtain financing and to settle.

What are the strategy’s advantages?

- These ordinances slow (or halt) the sale and conversion of affordably priced rental properties, impeding the displacement of low-income tenants.
- There is encouragement and support for the organizing, empowerment, and engagement of tenants within multi-unit rental properties.

- Where a buy-out results in the creation of limited equity cooperatives (as it has in Washington DC) or in the preservation of price-restricted rentals, the city's stock of permanently affordable housing is expanded.

What are the strategy's disadvantages?

- Tenant organizations that are formed in haste, under the duress of a building's pending sale or conversion, may not have the leadership or stability to function as a fair, effective, and responsive representative of all the tenants in a building.
- Low-income tenants have a difficult time understanding the complexities of real estate development and arranging the financing to purchase their buildings.
- The post-purchase management and maintenance of a multi-unit building pose special difficulties for tenant leaders who are thrust into a new role of being landlords for their neighbors (and themselves).

4. Anti-speculation Tax

What is the strategy designed to do?

Discourage the speculative "flipping" of residential property or the speculative "mothballing" of lands and buildings, holding them vacant until their value can rise. Some of these measures work by capturing a higher percentage of a property's capital gains if it is resold shortly after being purchased. Other measures increase an owner's cost of hoarding buildings, keeping them vacant, unimproved, or underutilized in anticipation of future market appreciation.

Where has the strategy been applied?

Vermont: In the 1970s, Vermont passed the "Tax on Gains from the Sale or Exchange of Land," which limited the speculation of rural land in the state by imposing a stiff, graduated tax on short-term, high-profit sales. The tax applies only to the land itself, and only if the land is owned for less than six years. The tax had broad popular support, preventing the state's real estate lobby (which is not as strong as in most cities) from stopping or weakening it. Now over 40 years old, the tax has helped to reduce land speculation in rural areas and to raise revenue for the state.

Washington DC: In 1978, City Council approved a "Residential Real Property Transfer Excise Tax" to end speculation in the housing market, which was driving up housing costs and causing mass displacement, primarily of black residents. The tax was inspired in part by the recently passed District of Columbia's Human Rights Act, which added protection against discrimination in housing. The law included nearly a 100% tax on the short-term buying and selling of residential property if improvements had not been made. It was not considered a success because it contained numerous loopholes and was rarely enforced. The tax was allowed to expire in 1981.

Pittsburgh PA: In 1979, the City of Pittsburgh restructured its property tax system by raising the rate on land to more than five times the rate on structures. This land value tax made it expensive for property owners to hold onto abandoned lots and discouraged speculation. This system has been critical to expanding downtown development in Pittsburgh, especially when combined with implementation of a major urban renewal plan. Nevertheless, land value taxation was ended in Pittsburgh in 2001.

San Francisco (current campaign): At a citywide tenant convention held in February 2014, activists voted to move forward with a plan to push the city to pass an Anti-Speculation Tax. The tax would cost developers half of their profits from the sale of a property, if “flipped” shortly after the developer’s purchase of that property. The tax would decrease proportionally over the first six years of ownership and disappear completely after six years. This bill received the overwhelming support of the one thousand plus tenant activists who attended the convention, and will be at the forefront of the larger anti-displacement campaign currently underway in San Francisco. The organizers have the support of at least six members of the Board of Supervisors, which they are hoping to use to get the measure onto the November ballot.

What are the strategy’s advantages?

- It moderates excessive fluctuations in the real estate market, evening out the cycle of extreme highs and lows.
- It discourages speculative flipping and vacancies that destabilize neighborhoods.
- It encourages private investment in repairing, rehabilitating, and upgrading existing housing and other buildings.
- It expands the public purse, collecting revenues that can be used to develop additional affordable housing.

What are the strategy’s disadvantages?

- A municipality may not have the power, in some states, to change its basic approach to the taxation of real estate.
- By encouraging intense re-investment and high utilization of existing buildings – as Pittsburgh’s land value taxation was designed to do – some of the city’s most affordable housing was lost, as downtown buildings were converted to non-residential uses or to residential condominiums.
- There is no assurance that funds raised through taxation of speculative sales or vacancies will be used for affordable housing after they are collected.

5. TIF for Gentrifying Neighborhoods

What is the strategy designed to do?

Subsidize the production of affordable housing by issuing municipal bonds that are secured and paid off by future tax revenues from appreciating real estate values in a designated district undergoing gentrification.

Where has the strategy been applied?

Portland OR: In 2006, the Affordable Housing NOW! Coalition, the Oregon Opportunity Network, and Proud Ground worked to pass a municipal law that designated 30% for affordable housing of all TIF funds raised by the City. This policy change has generated more than \$152 million for affordable housing, accounting for one-third of total TIF collections in the city. In 2011, the city council reaffirmed its commitment to affordable housing by specifying 30% as a *minimum*, changing the budgeting for each district to be based on TIF revenues, and setting the course for five more years of TIF-generated affordable housing.

Chicago IL: Although Chicago's long-declared TIF policy has been for 20 percent of the units in any residential TIF district to be dedicated to affordable housing, the policy has actually done the opposite. Most TIF money has gone toward development projects that do not add affordable housing or that eliminate existing rental housing in the city. Sweet Home Chicago, a coalition of community organizations, labor unions, and the Chicago Coalition of the Homeless, was formed in 2010 to fight back against TIF-generated gentrification. The coalition pushed for a law that would mandate the City to direct 20 percent of TIF funds toward building and renovating affordable housing. Although they were not successful in getting this ordinance passed, they *were* able to push through a "TIF Purchase Rehabilitation Ordinance." This ordinance allows TIF funds to be used for the first time to redevelop apartment buildings for lower-wage households. In 2014, the same coalition supported enactment of a 5-Year Housing Plan that dedicates \$7 million a year toward rental housing redevelopment, paid out of TIF proceeds.

Atlanta GA: In Atlanta, seven of the city's ten TIF districts have an affordable housing requirement. For districts surrounding the Atlanta BeltLine, in particular, the City Council has mandated that at least 15% of TIF funds (in their case referred to as Tax Allocation Districts or TAD) be dedicated to affordable housing, recognizing that neighborhoods proximate to public transit are subject to gentrification and displacement. The City has also supported creation of the Atlanta Land Trust Collaborative to maintain the permanent affordability of some of the new owner-occupied housing and rental housing being subsidized in conjunction with the Beltline's build-out.

What are the strategy's advantages?

- It raises funds for affordable housing from the same gains in land value that are causing gentrification and displacement.
- TIF proceeds can be used to create – or to preserve – affordable housing *within* the district that is experiencing gentrification and generating the TIF.
- As was the case in Atlanta, Community Benefits Agreements can be established alongside TIF agreements, stipulating benefits for the community such as living wage requirements, job training programs, space set-asides and funding for community organizations, affordable housing requirements, etc.

What are the strategy's disadvantages?

- Unless revenues are reinvested within the *same* neighborhood that generated them and unless the housing subsidized by TIF is structured to *remain* affordable over time,

appreciating land values and house prices will merely push poor people out of the neighborhood.

- Cities must be forced to use TIF revenues as intended. As Portland and Chicago activists discovered, the production of affordable housing may have been one of the publicly declared priorities for these new revenues, but city officials had to be reminded of that original purpose and forced to return to that original purpose down the road, after the funds were collected.

6. Inclusionary Housing Ordinance

What is the strategy designed to do?

Inclusionary housing programs address gentrification by ensuring that newly constructed or substantially rehabilitated residential projects contain a specified percentage of housing units that are rented or sold for prices that low-income or moderate-income households can afford. These programs take two very different forms. They either offer developers regulatory incentives like a density bonus or parking waiver to include affordable housing within their projects (sometimes called “voluntary inclusionary zoning” or “incentive zoning”) or they require developers to include affordable housing, with or without any regulatory concessions (sometimes called “mandatory inclusionary zoning”). Under either form, developers are sometimes allowed to meet their inclusionary requirement by producing affordably priced units off-site or by making an in-lieu-of-production cash contribution to the city’s housing trust fund.



Where has the strategy been applied?

Boulder CO: In 1970, the city and county created the Boulder Valley Comprehensive Plan. This plan defined an urban growth boundary, preventing the city from extending water and sewer services outside of the city’s “service area” and preventing the county from approving new subdivisions needing urban services and facilities. All new residential development on land annexed to the city after December 1973, moreover, was required to include a 15% set-aside of units affordable to moderate-income households or a 7½% set-aside of units affordable to low-income households. Inclusionary housing was adopted as a supplement to growth management in 2000. Boulder’s inclusionary zoning ordinance mandates that 20% of the units in any newly constructed residential project of five units or more must be made initially affordable – and kept *permanently* affordable – for households earning less than 80% of median income for Boulder. Boulder’s ordinance also gives developers the option of providing permanently affordable units off-site, dedicating land for the development of permanently affordable housing, or making an in-lieu-of-production cash contribution to the City’s housing trust fund.

Petaluma CA: In 1984, the City of Petaluma developed a Comprehensive Housing Program, committing to a goal of ensuring that 10-15% of its housing stock would be “affordable.” Aside from dedicating the majority of its annual CDBG allocation to housing development and housing-related services, the principal mechanism used by Petaluma for meeting this goal has been inclusionary zoning. Developers of residential projects of five or more units are required to rent or to sell 15 percent of their newly constructed units at prices or rents affordable to lower- and moderate-income households. The developer’s affordability requirements may be met by building the units, by paying an in-lieu fee, or by “an alternative method subject to review by staff and City Council.” All of the inclusionary homeownership units produced over the past decade have been purchased by the Sonoma Housing Trust, a nonprofit community land trust that works in partnership with the City of Petaluma to ensure the permanent affordability of these IZ homes.

Highland Park IL: This suburban municipality of 30,000 is located about 23 miles north of Chicago. In 2004, Highland Park launched a three-part initiative to address the city’s lack of affordable housing: it created a housing trust fund; sponsored the creation of a citywide community land trust; and enacted inclusionary zoning. The ordinance applies to new construction, substantial renovation, or change of use containing five or more dwelling units. Developers of covered projects must provide 20% of the total units for sale or rent at an affordable housing price to income-qualified households. For-sale units created by IZ must be maintained as affordable in perpetuity “or as long as is legally permissible.” Rental units must be kept affordable for 25 years.

Other cities: There are approximately 1200 cities and counties that have adopted some variety of inclusionary zoning. States containing the highest concentration of municipalities with inclusionary housing programs are California, Massachusetts, and Maryland.



What are the strategy's advantages?

- Inclusionary zoning, as its name implies, is designed to create “inclusive” communities, discouraging the proliferation of exclusive residential neighborhoods in which no housing that is affordably priced and no households of modest means can be found.
- Private developers give back to the community, sharing land values that the public’s investment in schools, infrastructure, and services helped to create.
- The housing produced through inclusionary zoning can be priced and targeted quite precisely to be affordable to households at particular levels of income.
- IZ levels the playing field for all developers, adding predictability and consistency to the regulatory process of planning and approving projects. There are no longer separate and idiosyncratic negotiations with different developers, with some getting a “better deal” than others.
- If developers are allowed to meet their inclusionary requirement by making an in-lieu-of-production payment to the city’s housing trust fund, revenues can be raised by the city to subsidize the production of affordable housing by nonprofit partners.

What are the strategy's disadvantages?

- A majority of the displacement caused by gentrification is caused by price increases or changes in use occurring in existing buildings. Depending on how a city’s zoning ordinance is written, neither may be considered a “new development,” triggering an inclusionary requirement.
- Inclusionary zoning that is “voluntary” seldom produces very many units.
- Without a strong real estate market, a city with IZ that is surrounded by suburban communities having a lot of cheap land and no inclusionary requirement will tend to push residential development outside of the city limits.
- Without a density bonus to off-set some of a developer’s cost of offering units at a below-market price – perhaps at less than the cost of constructing them – the cost of subsidizing these units may be passed onto the project’s remaining market-rate units, pushing their prices even higher and fueling further inflation in the real estate market.
- Many cities in the past imposed resale controls on IZ units that disappeared within five – fifteen years. The result was that hundreds (or, in the case of Montgomery County MD, *thousands*) of affordably priced units were quickly lost.
- Without careful drafting of the ordinance and close monitoring by city officials, developers will tend to build IZ units that are much smaller than the market-rate units in a new development others and that are pushed to the side, segregated from the market-rate housing.
- If developers are allowed to build off-site or to buy their way out of their inclusionary obligation, the whole commitment to an inclusive community is defeated.

7. Municipal Support for Resale-restricted Homeownership

What is the strategy designed to do?

Create a permanent stock of publicly assisted, affordably priced, owner-occupied housing that retains its affordability and desirability over time. Municipal resources (e.g., lands, grants, loans, and regulatory favors) are provided to assist in the development and stewardship of such housing, provided through a variety of models, including: community land trusts; deed-restricted houses, townhouses, and condominiums; and limited equity housing cooperatives.

Where has the strategy been applied?

Chapel Hill NC: The Community Home Trust (formerly Orange Community Housing and Land Trust) is a nonprofit community land trust that was founded in 1991. Throughout its 25-year history, CHT has had considerable support from Chapel Hill, Carrboro, and Hillsborough and from Orange County. A representative from each of these towns, joined by a representative from the county government, hold seats on CHT's board, constituting a third of that governing body. Community Home Trust is the primary provider of affordable housing in Orange County, a consequence of being a favored recipient of public dollars for affordable housing and the principal partner of private developers who are required to provide a percentage of affordable homes in their developments under Chapel Hill's inclusionary zoning program.



Burlington VT: The Burlington Community Land Trust (BCLT) was created in 1984 at the instigation and the financial support of an activist municipal government that had grown increasingly concerned about the rising cost of housing throughout the city and the rising threat of displacement in the residential neighborhoods surrounding Burlington's central business district. The BCLT's original service area included all of Burlington, although it concentrated its initial efforts in an impoverished neighborhood known as the Old North End. In 1990, the organization's service area was expanded to include Chittenden County and then expanded again in 2001 to encompass Franklin and Grand Isle Counties. A key tenet of the City of Burlington's housing policy for over 30 years has been to invest public resources for affordable housing **only** in projects with permanent affordability. The BCLT – renamed the Champlain Housing Trust (CHT) in 2006 – has been both a beneficiary of that policy and the principal mechanism for implementing it. All of the publicly assisted privately owned housing developed by the BCLT/CHT, whether renter occupied or owner-occupied, is contractually encumbered with price controls that are designed to preserve the affordability of this housing forever. Today, CHT manages a diverse portfolio of nearly 2000 units: including: owner-occupied houses, duplexes, and condominiums; limited equity cooperatives; and multi-unit rentals.

Other cities: There are a number of cities that have made resale-restricted, owner-occupied housing a mainstay of their housing policy. In the special case of community land trusts, some two dozen cities have taken the initiative in starting a community land trust or have dedicated significant resources to the development and operation of CLT's projects, including (in addition to the three discussed above): Albuquerque NM, Athens GA; Boston, MA; Chicago IL; Durham NC; Duluth MN; Oakland CA; Petaluma CA; State College PA; Syracuse NY; and Tuscan AZ.

What are the strategy's advantages?

- All of these models are designed to bring homeownership within the reach of households that are presently priced out of the market.
- All of these models protect the public's investment in affordable housing, recycling it within the same housing.
- Membership-based CLTs are able to build broad grassroots support and engagement in organizational governance, planning, and implementations from the neighborhoods they serve.
- All of these models are "counter-cyclical"; that is, they protect affordability in hot markets and prevent deferred maintenance and mortgage foreclosures in cold markets.
- The strategy is flexible and versatile. One size does not fit all. These models of resale-restricted homeownership (community land trusts; deed-restricted houses, townhouses, and condominiums; and limited equity cooperatives) can be pursued separately or together, combining models and tailoring models to fit local circumstances and needs.
- The strategy can be combined with other municipal measures – like inclusionary zoning – preserving the housing that public money or public powers have helped to create.

What are the strategy's disadvantages?

- It costs money. None of these models of homeownership makes it cheaper or easier to create affordable housing in the first place. Back-end affordability is assured, one resale after another, but front-end affordability must be subsidized with public equity and low-interest loans.
- The long-term success of these models requires an organizational steward with both the capacity and competence to preserve affordability, promote sound maintenance, and prevent foreclosures, backstopping the success of the low-income households who have been boosted into homeownership with municipal support.
- Scale is important. Until an organization reaches 200 units it will not generate internally the revenues it needs to pay for a full range of services and supports for post-purchase stewardship. In the meantime, it is often difficult to convince public funders and private donors of the value of subsidizing stewardship.
- These alternative models of homeownership are unfamiliar. It takes time to educate bankers, appraisers, zoning officials, and the public at large about the special conditions that accompany these models.

Final Recommendations for Asheville

As referenced earlier, there are three stages of gentrification:

1. Early Stage: Neighborhood is showing signs of possible future gentrification and displacement: evidence of housing improvements and increased housing prices in neighborhood and/or area proximate to neighborhood.
2. Middle Stage: Neighborhood housing prices and values have already risen sharply, yet affordable housing remains available along with some developable land parcels.
3. Late Stage: Neighborhood housing prices have skyrocketed; there is little affordable housing or developable parcels, and the demand for profitable market rate housing overshadows the needs of lower-income households.

Based on the data collected and synthesized and the information gleaned from our interviews with community residents and key stakeholders, it is apparent that gentrification-driven displacement is taking place in these neighborhoods and Asheville residents and artists looking to move in (or return) are facing financial difficulties doing so. It is our opinion that the East of the Riverway neighborhoods have transitioned into the “middle” stage of gentrification (#2 above) – i.e., are housing prices and property values are trending upward in these neighborhoods and, by all indicators, this trend is likely to continue. At the same time, both rental and owner-occupied housing and some commercial spaces are (slightly) less expensive than many locations in Asheville and Buncombe County and a significant amount of vacant land (both publicly and privately owned) remains available for future, affordable commercial and residential development.

However, without a swift intervention of targeted, long-term public sector/private sector partnerships and collaborations, there will almost certainly be further gentrification and displacement, resulting in these neighborhoods becoming more homogenous and exclusive. While any of the previously listed strategies may work, it is our recommendation that a comprehensive, successful strategy to ensure that these neighborhoods remain inclusive and heterogeneous, with the kind of diversity of incomes, race, and culture that is the hallmark of healthy, vibrant communities, should include four primary focuses:

Affordable Housing

Even though much of the housing in these neighborhoods is less expensive than elsewhere in Asheville, there is a demonstrated need for quality, neighborhood appropriate, affordably priced homes in these neighborhoods. A long-term strategy should include:

- Stabilization and preservation of existing housing in the neighborhoods – Protect and preserve existing affordable housing stock, including rental properties and their tenants and owner-occupied homes and their current homeowners, especially targeting:
 - African-American households who wish to remain in the neighborhood.
 - Senior homeowners who wish to age in place.
- Development of additional, replacement housing – Create additional, affordably priced rental and owner-occupied homes (either through new construction or acquisition/rehab of existing homes) targeted to and low-and moderate-income households looking to move into (or return to) these neighborhoods and renter households looking to transition into homeownership.

Artist Space

It is certain that local artists interested in working, selling their works, and/or living in these neighborhoods are facing considerable challenges to remaining in – or moving into – suitable, affordable space. A long-term strategy should include:

- Assessment of artists needs and demands – Unfortunately, an accurate picture of the nature and scale of the interest in and the need for appropriate and affordable artist space of these neighborhoods – and the amount of space needed and the cost ranges for this space – remains unclear. For this reason, we recommend commissioning a detailed cultural arts survey (similar to the Minnesota Citizens for the Arts survey completed in 2009) to determine a comprehensive a plan for the future.
- Create additional, affordable artist space – Similar to the affordable housing strategy above, target existing space available and affordable to artists to preserve and seek to develop additional, affordable work and gallery space for limited-income artists.
- Explore creating an artist live/work cooperative as a model for the neighborhoods – There are precedents for this kind of live/work space, located on CLT-owned land, in places like Burlington Vermont. Additionally, ArtSpace in Minneapolis could be a valuable resource.



Resource Development

These initiatives cannot happen without targeted, municipal support. The City of Asheville and Buncombe County should explore the design and implementation of new and expanded municipal resource pools to create and ensure long-term access to and permanent affordability of housing and artist space in these neighborhoods. We feel the following three initiatives are particularly viable:

- *Inclusionary zoning* – Require newly constructed or substantially rehabilitated residential projects in these neighborhoods contain a specified percentage of housing units – either on-site or off-site – that are rented or sold for prices that low- and moderate-income households can afford. In exchange, the City may elect to offer regulatory incentives (e.g., density bonuses, fee waivers, expedited approvals, etc.) to developers. Additionally, the City could allow developers to make an in-lieu-of-production cash contribution to the cities housing trust fund. As a companion program, the city could also enact a commercial linkage program, requiring affordably priced homes as a condition for commercial development in the neighborhood.
- *Tax increment financing (TIF)* – A municipal program – developed jointly by the City and the County – to subsidize the production of affordable housing and artist space in these neighborhoods by issuing municipal bonds secured and paid off by future tax revenues from appreciating real estate values in designated gentrifying districts.
- *New ways to capitalize and disburse funds through the Housing Trust Fund* – Adapt the City’s Housing Trust Fund to be the depository for funds generated through in-lieu Inclusionary Zoning cash contributions and the TIF program. Restrict and target these funds for these strategies outlined for these neighborhoods. And establish priorities for structuring and using these exclusively funds for long-term affordability.

Permanent Affordability and Stewardship of Community Wealth

A community organization is needed to protect the social wealth of these neighborhoods and preserve their cultural connections. It makes little sense to stabilize and increase the supply of affordably priced homes in these neighborhoods without putting in place protections and safeguards to ensure that these homes remain affordable, well-maintained and available to limited-income households for generations to come. The same is true for any affordable artist space that is stabilized or new space created. Preserving the affordability, condition, and access to these properties is critical in these gentrifying neighborhoods, especially when public and private resources are used to make them affordable and available in the first place.

It is our conclusion that a community-controlled organization is needed to honor the history of this multi-neighborhood area, preserve and promote its character, and plan for its future. This organization will need to solicit and secure resources from the public sector, particularly the City of Asheville and Buncombe County, as well as from employers, corporations, and other private sector and philanthropic entities, to make this happen.

As evidenced in hundreds of neighborhoods and communities across the country, the most effective strategy we've seen for doing this is a local community land trust (CLT) organization. With membership drawn solely from the communities they serve, CLTs own and control land on behalf of the local community and lease its use to the owners of homes and other buildings located on this land (and, when appropriate, use deed covenants), allowing the community to control the future use and disposition of these properties. In so doing, CLTs are able to:

- Preserve the affordability, condition, and desirability of homes (including rental homes and apartments as well as owner-occupied homes, townhomes, condominiums, and limited equity housing cooperatives) and artist spaces and commercial spaces *forever*.
- Provide ongoing stewardship support and assistance, as needed, to those who own and rent homes and buildings located on CLT-owned land to help ensure the prospects for their success and assist their transitions, whenever they are ready, into unassisted and unrestricted properties of their own in the marketplace.
- Preserve the historical and cultural integrity of the neighborhoods they serve.

Potential Next Steps for the City and Community

Clearly, the responsibility of determining the most appropriate strategies to pursue to combat gentrification and stem the tide of displacement in the East of the Riverway neighborhoods – and identifying the critical next steps to be taken to implement these strategies – belongs jointly to those who live and work in these neighborhoods and the City of Asheville. As we conclude this report, however, we thought it might be helpful to offer, for your consideration, several potential next steps.

Community

To those who are currently living or working in these neighborhoods and others currently or soon to be affected by the social, economic, and physical impacts of gentrification and the resulting consequences regarding race, class, and culture, potential next steps could include:

- ❑ Make sure your voices –individually *and* collectively – are heard regarding not only the urgency of your concerns for your neighborhoods but also your collective support for effective, long-term strategies to protect the character and stability of your neighborhoods. As the old saying goes, “Don’t agonize. Organize.”
- ❑ Identify potential opportunities with the City of Asheville and Buncombe County, as well as with employers, local businesses, and other community interests, for partnership and collaboration to secure support (financial, human, and legislative) for the long-term strategies needed.
- ❑ Form a broadly representative steering committee to explore the possibility of a community-based organization (such as a community land trust or some similar entity) to represent and advocate for the best interests of the neighborhoods. Additionally, the organization should protect and preserve essential community assets, such as affordable housing and artist space, for the long-term benefit of the community – and, if deemed feasible, identify next steps to implement.
- ❑ Consider bringing speakers from other communities that have programs or models that the Steering Committee is considering. There are arts based developments, land trusts and other models here in North Carolina and the region.



City of Asheville

Potential next steps for the City of Asheville could include:

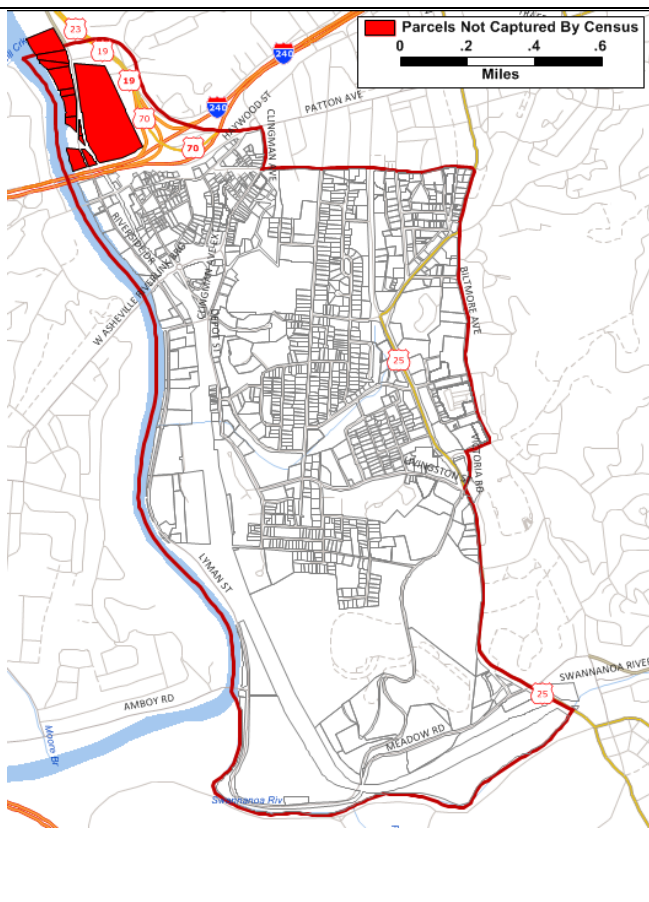
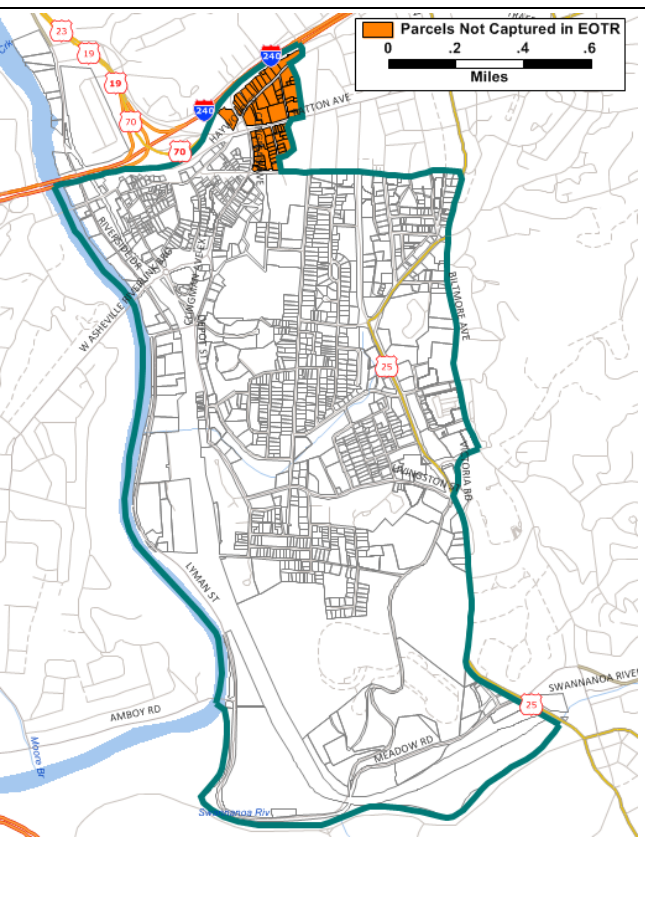
- ❑ Explore (in conjunction with Buncombe County, as appropriate) the feasibility of implementing inclusionary zoning and/or tax increment financing (“project development financing”) – and/or some other strategies – to combat gentrification, prevent displacement, and stabilize the neighborhoods through the redevelopment of East of the Riverway.
- ❑ Scan the inventory of City-owned land in these neighborhoods and assess the potential for donating at least some of these parcels for development of affordably priced rental and ownership housing and artist space in exchange for a contractual commitment to ensure these properties are kept *permanently* affordable for the long-term benefit of the community.
- ❑ Consider allocating funds to assist the efforts of a community steering committee (perhaps with professional assistance) to explore issues regarding the feasibility of a community-based, shared equity organization that is capable of and committed to preserving affordable housing and affordable artist space in these neighborhoods forever.



Appendix

Geography Definitions for Data

For much of the demographic and housing data this report utilizes information from the U.S. Census Bureau. While the EOTR geography matches very closely to the Census Bureau's Tract 9 in Buncombe County, there are differences summarized below.

East of the Riverway (strict geography)	East of the Riverway (Census Tract 9)
Difference: Thirteen parcels north of I-240 and east of the French Broad River totaling 13 acres. Includes commercial lots and Hillcrest Apartments housing 223 residents.	Difference: Sixty seven parcels south of I-240 and north of Hillard Ave. totaling 24 acres. Includes 33 commercial lots and 13 residential lots.
	

River Arts District Artist Work Space Survey

The City of Asheville has asked planning consultant, Sasha Vrtunski, and her team to look at gentrification issues in the East of the Riverway area, which is an area that includes the River Arts District (RAD).

The purpose of this survey is to investigate the current RAD artists' perceptions of affordability in the district; the future housing and working needs of artists; and what impacts might occur if there were more studio space available.

Your candid opinions are important to this study. Your answers are confidential and anonymous. **Please do not respond to this survey if you are not a working artist with a studio space in the district.**

Thank you for taking this brief survey. If you would like more information about the study, you may contact [Sasha Vrtunski](#) or [Stephanie Monson-Dahl](#), River Redevelopment Coordinator with the City of Asheville.

Please respond to the survey by June 15! Thanks for your help.

1. Which statement describes you best:

- ☐ Which statement describes you best: I rent a studio space in the River Arts district
- ☐ I own or co-own my studio space/building in the River Arts District
- ☐ Other (please specify)

2. How long have you been working as an artist in the River Arts District?

- ☐ 0-1 years (Less than 2)
- ☐ 2-5 years
- ☐ 6-10 years
- ☐ More than 10 years

3. As an artist, how much do you pay for a studio space per month?

4. What is the approximate square footage of your space?

5. Do you share a studio space with other artists?

- ☐ Yes
- ☐ No

If yes, what is the total rent for the space (if known):

6. Considering your monthly art income (sales, classes, etc), what percentage of your income is spent on your studio space?

- ☐ Less than 10%
- ☐ 10%-20%
- ☐ 20%-30%
- ☐ 30-40%
- ☐ 40-50%
- ☐ Over 50%

7. Would you like to find an affordable place to live in the River Arts District?

- ☒ Yes, I would like a separate living space than my studio space
- ☐ Yes, I would like a live/work space
- ☐ No

8. Please indicate whether you have the facilities you need for production

	This does not apply to me	I have what I need	I need this or more of this
Enough day lighting	<input type="radio"/> *	<input type="radio"/>	<input type="radio"/>
Sufficient ventilation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Good electricity infrastructure	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Impervious flooring	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Access to retail space in the River Arts District	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Access to a large enough kiln	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Access to a digital darkroom or other digital equipment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other Equipment or Facility need (please specify)

9. Please evaluate the following statements.

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree	Don't Know
My current studio space is affordable to me.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In the next 5 years, I will need more studio space.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am concerned about the future affordability of studio space in the RAD.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
There is a high demand for more artist studio space in the RAD.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I like the River Arts District just the way it is today.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

10. Looking to the future, what are your greatest hopes and/or concerns for the River Arts District?

Interview List

The consultant team would like to thanks the following folks who gave generously of their time to share with us their history, passion and concerns around changes in East of the Riverway.

Tyrone Greenlee, South French Broad resident
Dan Leroy, Green Opportunities
Anthony Thomas, Green Opportunities
Sylvia Farrington, Green Opportunities Board of Directors
Jasmine Middleton, Green Opportunities
Lindsay Majer, Green Opportunities
Keynon Lake, DHHS, Community Services Navigator
Rasheeda McDaniels, DHHS
Joe Fioccola, WECAN Neighborhood Association Board
Rachel Larson, WECAN Neighborhood Association President
Rafael Rettig, WECAN Neighborhood Association Board
Fleta Monahan, Artist, RAD
Scott Dedman, Mountain Housing Opportunities
Gene Bell, Housing Authority of City of Asheville & Buncombe County
Bubbles Griffin & Just Folks
Missy Reed, Changing Together, Southside Advisory Board
Robert Simmons, Changing Together, Southside Advisory Board
Lewis Isaac, WECAN resident, former South French Broad resident
Vicki Meath, Just Economics
Nicole Hinebaugh, Women's Wellbeing Foundation
Tim Schaller, Wedge Brewing
Pattiy Torno, Property Owner
Robert Gardener, Asheville Glass Center
Kitty Love, Asheville Area Arts Council
Eddie Dewey, Commercial Realtor and Property Manager
David Nash, Asheville Housing Authority
Jesse Plaster, Property owner, River Arts District
Michelle Smith, South French Broad resident

We also had shorter conversations with a number of people and appreciate their assistance: Roy Harris, Sandra Kilgore, DeWayne Barton, Viola Spells. We attended several community meetings where a number of people commented on issues directly or indirectly affecting gentrification: Asheville Housing Authority Residents' Council, State of Black Asheville, and a community meeting about community violence.

Case Examples

COMMUNITY LAND TRUSTS

Community land trusts (CLTs) are **community-based organizations** whose missions are to **permanent ownership** and **community control** of land for community benefit and perpetual **preservation** of the **affordability** of housing or other buildings located on that land.

- **Homeownership** – CLTs make it possible for limited-income households to own homes on land that is leased from the CLT through long-term (typically 99-year), renewable ground leases. In a CLT arrangement, the homeowner holds the deed to his or her home but leases the land on which the home sits from the CLT.
- **Rental** – CLTs also own land on which affordable rental housing is located, to ensure that these properties cannot lose their affordability or be converted to some other use without the consent of the community.
- **Artist space** – CLTs also own land under buildings in which artists to live and to work (and sometimes the buildings themselves) to ensure that artists have long-term access to these spaces at prices they can afford
- **Commercial businesses** – CLTs also own land under targeted local businesses (such as grocery stores or nonprofit office space) to make sure that essential community services and resources are preserved for the long-term benefit of the community.



Home for sale by Athens CLT



Ground breaking at West Humboldt Development Council in Chicago



Rental property owned by Durham Community Land Trust

The CLT's **members** are people who live in the neighborhoods it serves, along with persons from the broader community who bring skills and perspective to help the CLT remain successful. The governing **board of directors** is elected by the membership.

Community land trusts are committed to protecting and preserving the social wealth and cultural identity of the neighborhoods they serve by:

- **Preserving** the **condition** and **desirability** – as well as the **affordability** – of rental homes, owner-occupied homes, artist space, and local businesses located on land owned by the CLT on behalf of the community it serves.
- **Preventing** the **displacement** of renters, homeowners, artists and business owners due to unwanted, market-driven sale or conversion of properties located on CLT-owned land.
- **Providing** ongoing **stewardship** and **support** to those who live and work on land owned by the CLT, helping them to
 - Remain **successful** in achieving their personal goals.
 - **Transition**, whenever they are ready, into unrestricted, unassisted opportunities in their communities.



Type of organization: Nonprofit, community-based, 501(c)(3) membership organization

Location: Albuquerque, New Mexico

Incorporated: 1996

Service area: Sawmill neighborhood in Albuquerque

Mission: Sawmill Community Land Trust develops vibrant, prosperous neighborhoods through the creation and stewardship of permanently affordable rental and owner-occupied housing and sustainable economic opportunities for low- to moderate-income families. We empower communities through civic engagement, education and advocacy.

Accomplishments: Sawmill Community Land Trust

- Worked with the City of Albuquerque to clean up and reclaim 27 acres of a former industrial site that was polluting the neighborhood.
- Secured ownership of this 27-acre parcel from the City.
- Developed attractive master-planned neighborhood called *Arbolera de Vida* (Orchard of Life), centered on quality affordable housing and community businesses and services.
- Secured ownership of additional 7 acres of land directly adjacent to *Arbolera de Vida* and oversaw the expensive environmental cleanup of this property.
- Now, on 34 acres of reclaimed industrial land, there are 93 affordable ownership homes and three affordable apartment complexes set within an attractive neighborhood with community gardens, playgrounds and a plaza.
- Additional affordable rental housing is planned, as are community-driven economic development projects, including a community center and space for local neighborhood-appropriate businesses.



- Sawmill Community Land Trust has re-envisioned useless industrial property into a remarkable affordable community and has done the sometimes seemingly impossible work of moving this vision forward.

INCLUSIONARY ZONING – Case Study from Sonoma, California

Authorizing Jurisdiction: County of Sonoma, California

Program: Inclusionary zoning

Enacted: 1995

Program Requirements:

- **Homeownership** – At least 20 percent (20%) of the homes in any ownership development must be affordable
 - One-half (½) of these homes must be for low-income households (below 80% of local median income; and
 - One-half (½) of these homes must be for moderate-income households (up to 100% of local median income).
- **Rental** – At least 15 percent (15%) of the units in any rental project must be affordable to low- and very low-income residents or 10 percent (10%) of the units must be affordable to very low- and extremely low-income households.
- **Developer Benefits** – Developers may, in exchange, be granted density bonuses, fee waivers, expedited approvals or other benefits,
- **In-lieu Fees** – A fee may be paid to the County in-lieu of construction of the affordable units on-site. This fee a percentage of the estimated subsidy cost of providing the affordable units, based on the size of the new home, and is paid at the time of building permit issuance. These funds are allocated by the County to create additional affordably priced housing.
- **Exemptions**: Small homes (under 1,000 square feet) or less are exempt, as are replacement units if the size of the new home is not more than 1,000 square feet larger than the home being replaced.



Long-term Affordability Restrictions

Sonoma County is keenly interested in preserving the long-term affordability of rental and owner-occupied homes created through municipal intervention and support.



- Rental units created through the inclusionary zoning program must be kept affordable for a minimum term of 55 years or longer.
- Affordable ownership units must be kept affordable for a minimum period of 30 years.
- Many of the affordable units are kept *permanently* affordable through the Housing Land Trust of Sonoma County.



Type of Program: Tax Increment Financing

Location: Atlanta

Established: 2005

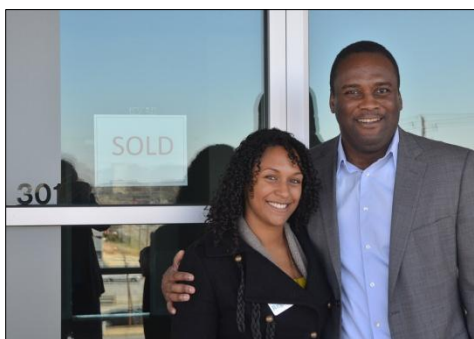
Service Area: Neighborhoods within Atlanta BeltLine

Atlanta BeltLine

The Atlanta Development Authority (ADA) formed **Atlanta BeltLine Inc. (ABI)** to build a network of 1,300 acres of public parks, 22 miles of rail transit and 33 miles of multi-use trails.

All of this will be developed along a historic railroad corridor that circles downtown Atlanta and connects 45 diverse neighborhoods whose residents range from disadvantaged to wealthy.

The **BeltLine Affordable Housing Trust Fund** is funded with a set-aside from the **Atlanta BeltLine Tax Allocation District (TAD)** – also known as Tax Increment Financing (TIF) – funds being used to build the BeltLine.



- Each BeltLine TAD bond issuance must set aside 15 percent (15%) of net proceeds toward the Housing Trust Fund.

- The ADA implements and administers the trust fund, including evaluating and deciding which projects will be funded.

Goals:

The Atlanta City Council has established the following goals for the **BeltLine Affordable Housing Trust Fund** over the next 25 years:

- Create 5,600 units of affordable housing
- At least 30 percent (30%) of these homes must be built through community housing development organizations, at an estimated cost of \$240 million.
- Create an estimated 30,000 permanent new jobs in the Atlanta BeltLine area
- A “community benefits” agreement is attached to the use of the TAD funds. For example, a developer seeking to receive TAD funds must provide benefits to the community by providing job training to local residents on developments within the BeltLine and give priority hiring to local contractors and employees.
- A significant portion of the affordable homes created by the projected are targeted to be kept *permanently*, through the Atlanta Land Trust Collaborative.

